

# USAID Trade Project

## Pakistan and Regional Trade Facilitation

### USAID Trade Project

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## Table of Contents

<b>List of Acronyms and Initialisms .....</b>	<b>1</b>
<b>Introduction.....</b>	<b>3</b>
Increasing Focus on Trade Facilitation.....	3
The RKC and the ATF .....	4
Pakistan and the RKC .....	4
Objective, Scope, and Limitations of the Current Review: .....	5
CAREC Transport and Trade Facilitation Strategy: .....	5
<b>Overview of Regional National Customs Regimes .....</b>	<b>5</b>
<b>Overview of Key Provisions of ATF and RKC Compliance of Afghanistan, Kazakhstan, Pakistan, Tajikistan and Uzbekistan with Key RKC and ATF Trade Facilitation Provisions .....</b>	<b>9</b>
Release and Clearance of Goods .....	9
Formalities Connected with Importation, Exportation and Transit.....	15
Publication and Availability of Information .....	22
<b>Issues Faced by Pakistani Traders .....</b>	<b>25</b>
<b>Appendix 1: Summary Comparison of ATF Provisions with RKC Standards .....</b>	<b>28</b>
<b>Appendix 2: Pakistan’s Compliance Status vis-à-vis RKC Mandatory* Standards .....</b>	<b>34</b>
<b>Appendix 3: Pakistan’s Compliance Status vis-à-vis RKC Standards .....</b>	<b>35</b>
<b>Appendix 4: CAREC Transport and Trade Facilitation Strategy .....</b>	<b>36</b>

## List of Acronyms and Initialisms

ACD	Afghan Customs Department
ADB	Asian Development Bank
AEO	Authorized Economic Operator
ANSA	Afghan National Standard Authority
APTTA	Afghanistan-Pakistan Transit Trade Agreement
ASYCUDA	Automated System for Customs Data
ATF	Agreement on Trade Facilitation
ATM	Auto Teller Machine
AVTO	Automobile Vehicle Transportation (Russian)
BCP	Border Crossing Point
C2C	Customs-to-Customs
CAREC	Central Asian Regional Economic Cooperation Program
CAREC Corridor 1	Kazakhstan Kyrgyzstan China
CAREC Corridor 2	Azerbaijan Kazakhstan Kyrgyzstan Tajikistan Uzbekistan China
CAREC Corridor 3	Afghanistan Kazakhstan Kyrgyzstan Tajikistan Uzbekistan
CAREC Corridor 4	Mongolia Inner Mongolia Autonomous Region China
CAREC Corridor 5	Afghanistan Kyrgyzstan Tajikistan China
CAREC Corridor 6	Afghanistan Kazakhstan Tajikistan Uzbekistan Pakistan
CAR	Central Asian Republic
CBTA	Cross Border Transport of Persons, Vehicles, and Goods Agreement
CCC	Customs Cooperation Committee
CCCN	Customs Cooperation Council Nomenclature
CFCFA	CAREC Federation of Carrier & Forwarding Associations
CIS	Commonwealth of Independent States
CMU	Corridor Management Unit
ECO	Economic Cooperation Organization
EPO	Export Policy Order
EDI	Electronic Data Interchange
FBR	Federal Board of Revenue
FTA	Free Trade Agreement
GA	General Annex
ICD	Inland Customs Depot
ICT	Information And Communication Technology
IC3	Integrated Cargo Container Control Program
ISAF	International Security Assistance Force
ISO	International Standards Organization

IT	Information Technology
ITC	International Trade Center
LDC	Least Developed Country
LPI	Logistics Performance Index
MoC	Ministry of Commerce
NSW	National Single Window
PSQCA	Pakistan Standards Quality Control Authority
PTA	Preferential Trade Agreement
RKC	Revised Kyoto Convention
RSW	Regional Single Window
SAD	Single Administrative Document
SPS	Sanitary and Phytosanitary
SRO	Statutory Regulatory Order
SW	Single Window
TTFS	Transport & Trade Facilitation Strategy (CAREC)
TRIMs	Trade Related Investment Measures
TRS	Time Release Study
TSCC	Transport Sector Coordinating Committee (CAREC)
UN	United Nations
UNDP	United Nations Development Program
WCO	World Customs Organization
WeBOC	Web Based One Customs
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

## Introduction

### Increasing Focus on Trade Facilitation

Reductions in tariffs worldwide and demand for time efficient inventory management has transformed the global trading environment and supply chain requirements. Trade across international borders consists of raw materials and intermediate products for the manufacturing sectors. Likewise, the retail business requires finished products for sale directly to consumers. The supply chains for these are interlinked and require cost-effective logistics and efficient Customs procedures. The demand is now for just-in-time supplies, and for much greater volumes. In the past, inventories were usually demanded for a few weeks or a few days. This is no longer acceptable. Trade facilitation has assumed much greater importance, including the introduction of reforms in Customs, and related laws and procedures.

Soon after its establishment in December 1996, the World Trade Organization (WTO) made trade facilitation one of the priority areas for future work during its 1<sup>st</sup> Ministerial Conference in Singapore. The first truly substantive step towards the implementation of trade facilitative measures on a global scale occurred in 1999 when the World Customs Organization (WCO) opened for signature, a revised text of the International Convention on the Simplification and Harmonization of Customs Procedures, generally referred to as the “Revised Kyoto Convention” (RKC). The RKC establishes 514 standards governing customs and other border formalities and practices including transit and transshipment processes. These standards are aimed at improving the speed and efficiency with which goods move across international borders and within the national borders of RKC signatory countries. The RKC standards are contained in its eleven annexes. The most critical standards, mandatory for all RKC signatories, are in the General Annex (GA). The optional standards, which a country may or may not commit to implement, are grouped by subject matter into the RKC’s 10 specific annexes.

The subject of trade facilitation received another major boost on December 6, 2013 at the WTO’s 9<sup>th</sup> Ministerial Conference in Bali when the WTO adopted its Agreement on Trade Facilitation (ATF). The ATF and the RKC are very closely linked agreements. Many of the countries who were involved in the development of the RKC were also involved in the development of the ATF; therefore, nearly all of the ATF’s substantive provisions reflect – albeit in a more digested form – the substance of many of the fundamental standards of the RKC (refer to **Appendix 1** for a summary comparison of the provisions of the ATF with those of the RKC). Five days after the WTO adopted the ATF, the WCO’s Policy Commission adopted its “Dublin Resolution”, welcoming and endorsing the WTO agreement and committing the WCO to work towards its “efficient implementation”.<sup>1</sup>

Recent research by the World Bank and others has demonstrated that a country’s increased participation in world trade tends to boost the country’s economic growth. Countries that have integrated rapidly into the world economy tend to experience the highest annual economic growth rates: an average of three percentage points higher than slow integrators.<sup>2</sup> Rapidly implementing the trade facilitative requirements of the ATF, and the more exacting standards of the RKC, can therefore reasonably be expected to have a positive and perceptible impact on a country’s rate of economic growth.

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<sup>1</sup> RKC is a World Customs Organization Convention and is not binding on any member. ATF is a WTO instrument which is binding on members. Non-compliance with the RKC has no consequences, while non-compliance with the ATF can have serious consequences. This is expected to result in a rapid implementation of the ATF facilitation measures, which was not happening in the case of the RKC. There are timelines fixed for the implementation of various Articles of the ATF.

<sup>2</sup> Oxford Journals Social Sciences, *World Bank Economic Review, Trade Liberalization and Growth: New Evidence*, Volume 22, Issue 2, June 3, 2008.

## The RKC and the ATF

As already noted, the RKC consists of the text of the agreement itself (which is relatively brief) and 11 detailed annexes: a GA and 10 Specific Annexes (each of the Specific Annexes is designated by a letter from A-K; there is no Annex I). The GA and most of the Specific Annexes are further broken down into chapters. Taken as a whole, the annexes prescribe a large number of standards that collectively cover a wide range of trade facilitation matters. A signatory is bound to implement all standards of the GA, but may choose the standards of the Specific Annexes they commit to implement. For example, currently Pakistan has formally committed to implement only the GA and the first chapter of four of the Specific Annexes: A, B, C, and J.<sup>3</sup>

The ATF, excluding the preamble and the final provisions, is divided into two basic sections. Section I contains 13 articles, the first 12 of which specify the trade facilitation measures that are the true focus of the ATF. These 12 articles closely track, although in less detail, most of the more basic trade facilitation standards found in the RKC. Article 13 of Section I deals with institutional arrangements (i.e., the establishment of a WTO Committee on Trade Facilitation and the commitment of each member state to establish a national committee on trade facilitation). Section II of the ATF contains 10 articles establishing special provisions applicable only to the WTO's developing and least developed country (LDC) member states. Section II establishes a three-tiered approach allowing developing and LDC member states to phase-in their obligations under Section I. It does this by establishing three categories of commitments (categories A, B, and C) that a developing or LDC member state may employ when designating how and when it will implement the various provisions of Section I. In summary, Category A provisions are those that the member commits to implement upon entry into force of this Agreement, Category B provisions are those that it has determined it will need additional time to implement, and Category C provisions are those that it has determined it will need technical assistance to implement. Generally, a developing member state must notify its Category A, B, and C lists on or before the date on which the agreement enters into force (referred to herein as the "ATF's effective date")<sup>4</sup> and an LDC member has up to one year after the ATF's effective date to notify its lists.

## Pakistan and the RKC

Pakistan deposited its instrument of accession to the RKC on October 1, 2004. In that instrument Pakistan agreed to implement all standards in the GA which are mandatory for all RKC signatories, as well as the standards and recommended practices set forth in the first chapter of each of the four Specific Annexes: A, B, C, and J. The RKC entered into force on February 3, 2006, the date on which 40 of the Contracting Parties to the original convention (which include Pakistan) deposited their instruments of accession.

During a meeting in early 2012, the Federal Board of Revenue (FBR) requested the Trade Project to conduct a detailed assessment of the degree to which Pakistan's customs regime complied with the standards of the RKC. The resulting 700 page assessment was delivered to the FBR in October 2013, and updated in August 2014. The assessment determined that:

- Pakistan was generally compliant with 80, or 42%, of the 184 standards that Pakistan is currently obligated to implement (found in the GA and the first chapter of Specific Annexes A, B, C, and J) (see **Appendix 2**).
- Pakistan was generally compliant with 220, or 43%, of the total 514 standards (GA and All Specific Annexes) (see **Appendix 3**).

<sup>3</sup> Annex A: Formalities prior to lodgment of Goods Declaration; Annex B: Importation - Clearance for home use; Annex C: Outright exportation; Annex J: Special Procedures – Travelers

<sup>4</sup> The ATF will only become effective (enter into force) when it is formally adopted as an amendment to the WTO's founding document, the Marrakesh Agreement Establishing the World Trade Organization. This will occur on the date that two-thirds of WTO member states have formally accepted the protocol of the amendment, which is currently expected to be open for acceptance from July 31, 2014 through July 31, 2015.

### **Objective, Scope, and Limitations of the Current Review:**

Upon completion of the RKC compliance assessment discussed above, it was determined that it would be useful to also conduct a basic review of the customs regimes of other countries in the region with respect to the standards of the RKC that are most critical to facilitating trade. Consequently, the Trade Project initiated a desk review of the customs regimes of Afghanistan and the Central Asian Republics (CARs) of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan to determine their level of compliance with the RKC standards relating to: (i) the procedures and formalities applicable to the release and clearance of goods, (ii) the formalities connected with importation, exportation, and transit, and (iii) the degree to which information about such procedures and formalities is readily available publicly.

The Trade Project faced several limitations in conducting the review within the time available:

- Only a modest amount of original source information about the RKC-relevant aspects of the customs regimes of Afghanistan, Kazakhstan, Tajikistan, and Uzbekistan are available in English; and much of what is available in English appears to be both dated and poorly translated. English versions of the Customs Codes of these countries are available on the World Intellectual Property Organization's (WIPO) website, but are also out-of-date. Therefore, the Trade Project substantially relied on secondary source material from international organizations (e.g., studies, presentations, and reports available on the websites of the Asian Development Bank (ADB), United Nations Development Program (UNDP), and the CAREC Secretariat) for information on the customs regimes of these countries.
- With respect to Afghanistan as well as the above-mentioned CARs, it appears that no studies have been prepared (at least none that are available publicly) which assess the level of compliance of their customs regimes with the RKC.

In an effort to minimize the information gaps, the Trade Project circulated an RKC-oriented questionnaire to Pakistani businesses engaged in trading with these countries, and the inputs received through interviews and discussions were incorporated in this review.

### **CAREC Transport and Trade Facilitation Strategy:**

Although not specific to the current review, the ADB and the CAREC countries have developed a Transport and Trade Facilitation Strategy that is closely related to matters discussed herein. A summary of that strategy is included in **Appendix 4**.

**Logistics Performance Index:** Due to limited information on trade facilitation for Afghanistan and certain CAR countries along CAREC Corridors 5 and 6, this report also analyzed the World Bank Logistics Performance Index (LPI) for intermittent years covering the period 2007-2014. The six LPI indicators include: (i) Customs, (ii) Infrastructure, (iii) International Shipments, (iv) Logistic Competence, (v) Tracking & Tracing, and (vi) Timelines. The aggregated score is derived from these six components to approximate each country's relative global ranking. Pakistan's standing is compared with countries under review and the data highlights trends in the six trade facilitation indicators from 2007-2014. A more detailed analysis is included in **Appendix 4**.

### **Overview of Regional National Customs Regimes**

**Afghanistan:** Afghanistan is a member of the Economic Cooperation Organization (ECO) (1992), WCO (2004), and CAREC (2005). The country is part of CAREC Corridors 3, 5, and 6.

Afghanistan submitted required documentation for accession to the WTO in 2004; pending a final decision, as of July 2014, Afghanistan enjoys observer status.

At present, Customs Code (version 2005) is in use in Afghanistan. This legislation was internally reviewed by Afghan Customs in 2012 in consultation with an international expert to identify gaps vis-



à-vis RKC's GA. Based on the gap analysis, 70 amendments have been drafted by Afghan Customs for incorporation into the Customs Code. These amendments were submitted to the Ministry of Justice on February 27, 2013 for legal consideration. A systematic analysis of the Customs Code aimed at assessing the level of conformity with the RKC for providing recommendations to achieve compliance, is currently underway by an international advisor. After this task is complete, Afghanistan plans to accede to the RKC.

Presentations made at the CAREC Customs Cooperation Committee (CCC), Afghanistan, have at times highlighted trade facilitation measures related to importation, exportation, and transit, including the following:

- Proposed forming a regional task force for customs reform to identify gaps, design projects, identify/mobilize funds, and prepare an action plan
- Suggested that a third-party conduct a Time Release Study (TRS). Afghanistan has also established a unit to develop capacity for the sustained conduct of a TRS
- Unnecessary procedures were eliminated in the 3 major customs offices – with changes pending in the remaining customs offices
- Customs' physical examination mechanism has been improved
- Development of a Biometric electronic multi entry–exit card system for economic operators at borders is in-progress
- Significant improvement has been made on Joint Customs Control with Iran at borders
- The infrastructure for a Joint Customs Clearance station has been put in place between Afghanistan and Iran
- The concept and strategy line for Single Window (SW) and border operation management has been approved by the President
- Roll out of ASYCUDA (Automated System for Customs Data) to non-computerized Customs Stations
- Four main transit stations are automated, covering 75% of transit traffic
- Seven main import/export processing stations are automated, with ASYCUDA covering 70% of total trade for Afghanistan
- Data exchange with Pakistan is agreed under the Afghanistan-Pakistan Transit Trade Agreement (APTTA 2010)
- The technical details of data exchange with Pakistan have been discussed
- For the first time the Customs intelligence unit is operational
- National Risk Management Committee is proposed to be established
- ASYCUDA will be utilized as a core system for Customs Risk Management
- The Post Clearance Audit (PCA) unit has been expanded from Customs Headquarters to operational stations.

**Kyrgyzstan:** Kyrgyzstan is a contracting party to CAREC (1997), WTO (1998), and WCO (2000), but has not yet acceded to the RKC. It has, however, acceded to two other WCO-sponsored conventions: the International Convention on the Harmonized Commodity Description and Coding System (2007) and the Customs Convention on Containers (2007). Kyrgyzstan is part of CAREC Corridor 1, Corridor 3, and Corridor 5.

In 1992, the first Customs Code was introduced, and was revised and enacted in 1997. Customs Code (2004) is currently in use and contains 14 Sections, 61 chapters, and 399 Articles. It provides a for a customs regulatory framework and a wide range of customs matters based on the RKC. The code has been developed to make customs procedures more transparent and predictable for foreign trade activities. It has the following features:

- Effective use of information systems and technologies in customs procedures
- Use of a Risk Management system in customs control and audit



- Information exchange based on electronic databases for customs procedures
- Provision of necessary information on customs regulations to all stakeholders
- Cooperation and consultations with public and private sector authorities and customs departments of other countries

Kyrgyzstan initiated the process for accession to the RKC in 2008. A bill was presented to the Parliament for consideration and adoption in 2009; however, the bill was withdrawn from the Parliament (vide governmental order dated 7/9/2009 N. 439) in deference to a commitment for harmonization of customs procedures with the countries in the Commonwealth of Independent States (CIS) and consistent with their agreement for coordinated approaches for accession to the RKC.

Based on its Customs Reforms Strategy (2011-2013), Kyrgyzstan took initiative to modernize the operations of the customs department meeting requirements for best international practices. These include: (i) optimizing the functions of state border control agencies, and (ii) simplifying administrative procedures and adopting the Single Window (SW) scheme.

As a step towards providing transparency and implementing the strategy, State Customs Service has prepared draft laws on border control, frontier service, and plant quarantine which clearly define the role and responsibilities for various state entities working at the borders:

- Frontier Service shall perform the functions of passport and visa control
- State Customs shall perform the following functions:
  - Exercise customs control as per customs legislation
  - Interact in the area of state border security by applying Information and Communications Technology (ICT) networks and defining process work flows
  - Maintain primary documentary control and registration at the state Border Crossing Point (BCP) with the introduction of the mandatory interagency information exchange
  - Provide for veterinary, Sanitary and Phytosanitary (SPS), and quarantine control at customs clearance sites.

**Kazakhstan:** Kazakhstan is a member of ECO (1992), WCO (1992), and CAREC (1997). It acceded to the entire RKC in 2009 with the exception of the following:

- Specific Annex E, Chapter 3, "Carriage of Goods Coastwise"
- Specific Annex F, Chapter 3, "Drawback"
- Specific Annex H, Chapter 1, "Customs Offences"
- Specific Annex J, Chapter 2, "Postal Traffic"

Kazakhstan applied for WTO membership in 1996, the country's accession is still pending. There are several stumbling blocks slowing its WTO accession including tariff adjustment, regulations, practices governing SPS measures, and WTO-inconsistent Trade-Related Investment Measures (TRIMs). Kazakhstan currently has an observer status at the WTO. It is part of CAREC Corridors 1, 2, 3, and 6. Kazakhstan is also a member of the Russia-led Customs Union.

Kazakhstan is a Contracting Party to three WCO conventions: the International Convention on the Harmonized Commodity Description and Coding System (2004), the Customs Convention on Containers (2005), and the Convention on Temporary Admission (2013). The current Customs Code containing 7 sections, 60 chapters, and 504 articles has been in place since June 2010, formulated to meet the requirements of the RKC. It provides for (i) use of information technology for filing of customs declarations including advanced information, (ii) inward/outward processing, (iii) Authorized Economic Operator (AEO) scheme, (iv) consultations with traders and neighboring countries, (v) risk management, (vi) sixteen customs procedures, and (vii) SW.

Kazakhstan has expressed its desire to introduce paperless customs clearance processing in the near future. The country also plans to reduce the circulation of documents and number of agencies existing at the borders that focus on importation, exportation, and transit goods clearance. Kazakhstan is one of the countries in the CAREC region which has conducted a TRS.<sup>5</sup>

**Tajikistan:** Tajikistan is a member of ECO (1992), WCO (1997), CAREC (1998), and WTO (2013). Tajikistan is part of CAREC Corridor 2, 3, 5, and 6.

Tajikistan is a Contracting Party to the WCO's sponsored conventions, namely the International Convention on the Harmonized Commodity Description and Coding System (2005), and Convention on Temporary Admission (1997). It has submitted all documentation to the WCO for accession to the RKC. The current Customs Code has been in use since 2005 with many more amendments to facilitate Tajikistan's accession to the WTO. The code meets most of the requirements of the RKC and contains 7 sections, 62 chapters, and 508 Articles. It provides for, inter alia, (i) a single administrative document (SAD), (ii) full automation of customs procedures including risk management, (iii) cooperation and partnership with public and private sectors, (iv) various customs regimes with clearly formulated procedures, (v) inward/outward processing, and (vi) advance rulings.

All these features are meant to ease trade and transit facilitation through:

- Reduction of time in customs formalities
- Simplification of procedures at border crossing points
- Introduction of uniform standards and rules for customs administrations
- Use of uniform customs documents and e-declaring to reduce administrative costs
- Improved collection of customs duties/taxes
- Preventing and reducing corruption-related offenses of customs

**Turkmenistan:** Turkmenistan joined CAREC in 2010 and is a part of CAREC Corridor 6. It also is a contracting party to the WCO (1993), but has yet to accede to the RKC.

International organizations such as the ECO provide resources relevant to trade and transit for all member countries. Information and links for public or private sector organizations in Turkmenistan are, however, largely unavailable. The Government of Turkmenistan's official website<sup>6</sup> is in English, but provides daily news and very basic information on topics other than trade. It does not provide links to government ministries or departments.

**Uzbekistan:** Uzbekistan is a member of ECO (1992), CAREC (1997), and WCO (1992). It submitted documentation for accession to the WTO in 1994 and enjoys observer status. It is part of CAREC Corridors 2, 3 and 6, but it has not acceded to the RKC.

The current Customs Code (1998) sets standards and practices in Uzbekistan and contains 11 sections, 19 chapters, and 179 articles. Over a period of time, new trade facilitation measures relating to the use of information technology (IT) have been introduced in customs to improve importation, exportation, and transit procedures, making them more "trader friendly." Through these IT-related measures, improvements have been made in: (i) electronic document circulation (2004), (ii) use of digital signatures (2003), (iii) measures for further development of ICT (2005), (iv) automated information systems gathering, processing, accumulation, analysis, storage, and transfer of the information (2006), (v) electronic customs clearance procedures (2012), and (vi) Customs' Risk Management system (2008).

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<sup>5</sup> In the 12<sup>th</sup> CAREC Customs Cooperation Committee meeting

<sup>6</sup> [http://www.turkmenistan.gov.tm/\\_eng/](http://www.turkmenistan.gov.tm/_eng/)

The current Customs Code has been reviewed by the Uzbek Customs department and a new Customs Code has been drafted and submitted to the government for consideration. The current Code is reported by Uzbek Customs to meet the requirements of the RKC and provides for procedures relating to importation, exportation, and transit which are trader-friendly. The newly drafted Customs Code is also reported to have been aligned with the EU Customs Code and Customs Codes of the CIS.

The proposed Customs Code aims to enhance predictability and clarity in provisions relating to: (i) transit transport and the carriers' responsibility for goods, (ii) application of customs regimes, (iii) ensuring proper classification of goods, (iv) the valuation of goods, (v) deadlines and the procedure for customs clearance and declaration, (vi) post-entry audit, (vii) protection of intellectual property, (viii) a risk management system, (ix) favourable conditions for private sector participation in external economic activities, (x) transparent and simple Customs procedures and formalities, and (xi) clearly defined rights and responsibilities of customs authorities and trade.

## **Overview of Key Provisions of ATF and RKC Compliance of Afghanistan, Kazakhstan, Pakistan, Tajikistan and Uzbekistan with Key RKC and ATF Trade Facilitation Provisions**

### **Release and Clearance of Goods**

#### ***a) Pre-arrival Processing***

The RKC and ATF require signatories to permit the lodgement and processing of goods declaration and supporting documents prior to the arrival of goods. The RKC also requires that it be possible to submit such documents electronically for pre-arrival processing.

**Afghanistan:** Chapter 9 (Customs Declaration) of the Customs Code provides that the declarant may file the customs declaration within 5 days (the time period may be reduced or extended by customs) from the date on which the summary goods declaration is submitted in ASYCUDA. The law provides that the declaration shall be accepted by customs without delay as long as the goods referenced are made available to customs for inspection. The customs law does not expressly provide for the filing of the goods declaration as a SAD prior to the arrival of goods.

**Kazakhstan:** Article 291 of the Kazakh Customs Code allows filing of customs declaration for the clearance of imported goods before their importation (arrival) into customs territory. Customs processes the declaration using the accompanying documents and those already submitted with the previous customs declarations. After the examination of goods, ensuring compliance with procedural requirements and payment of duty/taxes, the goods are released no later than one day after the registration of the customs declaration.

**Pakistan:** Pakistan's Customs Law provides that the owner of any imported goods shall make entry of such goods for home consumption, warehousing, or for any other approved purposes within fifteen days of the arrival of goods by filing a goods declaration. Sub Section 79.1. (b) Second proviso of the Customs Act also provides for filing goods declaration up to ten days before arrival of goods and for Customs to initiate the processing of the documents. Customs also allows the filing of documents in electronic format.

**Tajikistan:** Article 130 of the Tajik Customs Code allows filing customs declaration prior to the arrival of goods. The importer then makes payment of customs duties and taxes as assessed by Customs, prior to arrival into the customs territory. The goods declaration is then used as a single document that covers all goods. Article 63 of the Customs Code allows all documents to be filed electronically for the processing of goods declarations. Permission for filing documents electronically has been specifically

granted to carriers (Article 72), transit shippers (Article 81), goods carriers (Article 131), and customs brokers (Article 144).

**Uzbekistan:** Chapter 9 (Declaring) of the Customs Code provides that the customs declaration should be submitted 15 days before the goods are imported into the Republic's customs territory, and have been presented to the customs authority. Although early filing is required there is apparently no provision in the Customs Code allowing pre-arrival processing and clearance before the goods arrive.

***b) Electronic Payment***

The RKC and ATF require signatories to introduce a procedure that allows traders to pay duties and taxes incurred on importation and exportation through an electronic payment system.

**Afghanistan:** Afghanistan allows filing of single customs goods declarations (a SAD) using “data processing techniques” (i.e., electronic filing of the declaration.) Customs law allows payments of duties/taxes to be made through bank transfer, other instruments provided in customs law, or in cash. As stated by Afghan representatives, the Afghan Customs Department (ACD) has automated 98 percent of its BCPs and Inland Customs Depots (ICDs) operations using ASYCUDA (Major BCPs and ICDs are 100 percent covered with ASYCUDA+).

**Kazakhstan:** Kazakh legislation provides that transferring customs duties to the government exchequer shall be carried out according to rules provided for transferring customs duties, taxes, and fines established in accordance with the Customs Code. Article 138 allows payment of customs duties, taxes, and fines using debit (or credit) cards via electronic terminals or Automated Teller Machines (ATMs) of banks located in the buildings of customs authorities. Receipts issued by the specified electronic terminals are accepted as confirmation of payment for release of goods.

**Pakistan:** Currently, over 90% of imported goods are cleared through Web Based One Customs (WeBOC), a computerized customs clearance system that allows payment of duties and taxes upon submission of the goods declaration. Pakistan Customs also permits importers to maintain credit at the Customs Collectorate branches of the National Bank of Pakistan. Payments can be made in advance of submitting the declaration or upon final assessment by Customs. Pakistan has yet to develop an electronic payment system that allows payment of duties and taxes online to the Customs department using credit/debit cards.

**Tajikistan:** Article 375 of the Customs Code allows advance payments to be made in cash or transferred to the deposit account of the customs authority. Article 376 provides that customs duties and taxes may be paid at the payer's discretion in either national or foreign currency. The law specifically provides that payment may be made in accordance with the normative legal acts of the Republic of Tajikistan; however, such “normative legal acts” are not defined in the Customs Code. There are no clear provisions in the Customs Code providing for electronic payment of duties/taxes as stipulated by international best practices.

**Uzbekistan.** In the Customs Code under review, there is no procedure or rule for the use of electronic payment of duties/taxes; however, based on law No. 370 (dated December 29, 2012) that relates to the electronic clearance procedure, a computerized system can register persons at the borders, allow for factor analysis, perform customs examination, assess customs violations, carry out foreign trade operations, assign customs warehousing and charges, and authorize railway and Automobile Vehicle Transport (AVTO).<sup>7</sup> It is not clear whether the reference made to “customs charges” means that the facility can make payment through an electronic payment system or not.

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<sup>7</sup> Presentation by Uzbek representative in the Workshop on WCO Revised Kyoto Convention (RKC, February 27-28, 2013, Astana, Kazakhstan).

**c) Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges, in Cases of Dispute**

Signatories of both the RKC and ATF are required to develop a system/procedure under which the goods are allowed release in all those circumstances where due to any reason final assessment is not possible (i.e., incomplete documentation, valuation, classification, legal interpretation, admissibility of exemption, origin, and physical testing). In such cases, subject to the satisfaction of the customs service, the potential amounts of duties and taxes are to be secured through cash, surety, bank guarantee, or other acceptable form of security.

**Afghanistan:** Article 63 of the Customs Code specifies categories of goods that are ineligible for release and reasons for such ineligibility. Chapter 13 (Customs Debt) provides for clearance of goods against security to be determined by Customs and furnished by the relevant person. There is a growing need for Afghan Customs to bring more clarity and transparency into laws and procedures to ensure that goods are released against duties/taxes and security pending final determination of duties and taxes.

**Kazakhstan:** Kazakhstan Customs Code Article 143 requires furnishing guarantees if the goods are released under Article 299 or 300. These Articles allow release of goods in cases where final assessment of duties/taxes is not possible due to inability to determine the exact specification of goods when a lab report is not available, expert advice is not readily available, or there is an absence of relevant documentation for verification/authentication.

**Pakistan:** Section 81 of the Customs Act provides for provisional release of goods pending final determination. The Section authorizes an officer, at least of the rank of Additional Collector or higher, to permit the provisional determination of duties, taxes, and other charges. The decision as to whether to allow the provisional determination of duties is discretionary, not mandatory, and is inconsistent with the requirements of the RKC and the ATF. Section 81 permits the furnishing of security to cover an amount equalling the difference between the amount provisionally determined and the likely amount of any additional liability that may arise on final assessment.

**Tajikistan:** The Customs Code has clear provisions for allowing release of goods pending final determination of customs duties/taxes, etc. Article 16 provides that Customs Authorities shall demand that persons provide guarantees of the appropriate value for obligations to be completed with regard to goods, including guarantees in the form of security for payment of customs levies. Article 383, Article 37, and Article 365 provide for furnishing the security.

**Uzbekistan:** Article 111 of the Customs Code provides that the owners of imported goods have the option to pay duties/taxes and fines through security furnished to Customs in cash, or bank guarantees, for getting the goods released pending final determination of duties and taxes. The Article also refers to procedures that are to be devised by Customs for the regulation and furnishing of security, its release after final determination of customs duties; taxes, fees, and charges; and the manner in which Customs will refund any extra amount paid.

**d) Risk Management**

Members are required to develop IT systems that ensure Risk Management does not discriminate or place unjustified restrictions on international trade. Within those provisions, member countries are free to develop strategies and determine factors/criteria on which risks are to be based. The objective is to facilitate traders who pose minimal risk to revenue or security by releasing their goods in the shortest possible time.

**Afghanistan:** There is no specific mention of risk management in the Customs Law of Afghanistan. According to the CAREC Transport and Trade Facilitation Strategy 2020 Report (October 2013),



“more in-depth work is required to strengthen risk management systems at BCPs (in the CAREC region) to expedite clearance of legitimate shipments while maintaining appropriate border control by identifying high-risk cargo”. According to the Trade Project’s Gap Analysis of the Cross Border Transport of Persons, Vehicles, and Goods Agreement (CBTA) “currently 100 percent of goods to and from both Afghanistan and Kyrgyzstan are subject to inspection at the Shir Khan Border”.

**Kazakhstan:** Kazakh Customs Code chapter 23 (Risk Management System) provides for a comprehensive risk management system that includes, *inter alia*, the general provisions and the purpose of risk management application, general terms used in applying the risk management system, risk analysis objectives, and activities of customs bodies to determine and manage risks.

**Pakistan:** A Directorate General of Risk Management has been established by the FBR, but the process is still in its infancy. This unit has not begun work due to lack of technical staff, and lacks strategy documentation. A simple risk profiling procedure is presently being used and has not been updated. There is, however, a risk management committee consisting of several customs collectors who conduct risk profiling and determine risk for revenue collections. This profile information is then entered into the WeBOC computer system that determines the level of risk and instructs customs officials to take appropriate action.<sup>8</sup>

**Tajikistan:** Chapter 52 (Risk Assessment and Management) of the Customs Code provides comprehensive legislation on risk management including definitions of “risk” and “risk assessment” and identification of risk categories. The legal basis has been provided for Customs Authorities to discharge their role and responsibilities, and certain operations have been excluded from Risk Management (President of Tajikistan’s personal baggage and baggage of Members of the Parliament of Tajikistan).

**Uzbekistan:** In the current Customs Code under review, there is no provision on the use of IT or risk management; however, based on The Order of the State Customs Committee #31, (September 30, 2008) the concept of a risk management system has been developed. In order to provide a legal basis for the risk management system, the draft of the new Customs Code of Uzbekistan (under consideration by the Uzbek Cabinet) contains section IV (Customs Control) which provides for the use of a risk management system that prevents violations of customs law in situations where there is an evasion of payment of duties. The current IT program contains features termed as “Factor Analysis” by an Uzbek representative.<sup>9</sup> There is no clarity on the meaning of this term and it cannot be ascertained whether risk management is fully in use.

#### **e) Post Clearance Audit**

Member countries are required to develop a Post Clearance Audit (PCA) system where a person or a consignment is selected for PCA. The audit is to be conducted in a transparent manner and the results are to be shared with the individual concerned. Results will also be used in the risk management review.

**Afghanistan:** There is no specific provision in the customs law for an audit or PCA. Article 11, *inter alia*, provides for detecting and evaluating violations of Customs Law. Chapter 14 (Customs Violations and Penalties) of Afghan Customs Law authorizes customs officials to evaluate administrative violations and have access to information which is either maintained by customs or required by customs to be maintained by others. The most recent document from the Afghan government on the status of their law, vis-a-vis the RKC, does not refer to the system of PCA followed in Afghanistan.

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<sup>8</sup> PowerPoint presentation by Pakistani representative at Workshop on World Customs Organization (WCO) Revised Kyoto Convention, February 27-28, 2013 Astana, Kazakhstan

<sup>9</sup> PowerPoint presentation by Uzbek representative in the Workshop on WCO Revised Kyoto Convention, February 27-28, 2013, Astana, Kazakhstan).

**Kazakhstan:** The Kazakh Customs Code has a very elaborate procedure for customs inspection which allows customs officials to conduct inspections and have access to records maintained by traders and other relevant entities, including banks. The procedure defines the conditions under which Customs will have access to the premises of inspected entities, how to conduct inspections, rights and obligations of the Customs inspection parties, and the manner of submitting documents and information for Customs inspection. It is of interest that the word “audit” has been used only once in Article 221 (Field Customs Inspection) which is part of Chapter 24 (procedure for Customs inspections) of the Customs Code. This chapter stipulates the procedure, including defining the roles and responsibilities of Customs Officers, and the rights and obligations of inspected entities.

**Pakistan:** The FBR has established a “Directorate General of Post Clearance Audit” and the position is now functional. A Manual for PCA has been developed by FBR/Customs, and was reviewed for consistency with WCO guidelines as part of the Trade Project's PCA Gap Analysis. The Gap Analysis was shared with the FBR/Customs who provided additional information and perspectives that have been included in an updated analysis.

**Tajikistan:** Articles 417 (Customs Audit) and 418 provide for general and special customs audits to verify the particulars stated in the customs declarations and the documents submitted with the customs declarations. The law provides for the audit of brokers, importers, and other entities; and all are obliged to answer queries and produce documents required by Customs Officials. The Customs Law provides timelines during which such audits may be conducted in a structured manner while maintaining the security of the private data. The powers of the auditing teams have been specified, and protocols formulated.

**Uzbekistan:** There are no specific PCA provisions in the Customs Code for Uzbekistan. At the 10<sup>th</sup> Customs Cooperation Meeting held in Baku, Azerbaijan in 2011, Uzbek delegates informed participants that the proposed Customs Code (currently under consideration of the Uzbek government) contains provisions relating to post-entry audit.

***f) Trade Facilitation Measures for Authorized Economic Operators (AEOs)***

Both the RKC and the ATF require that specific trade facilitation measures be made available for AEOs, which may include manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, and distributors. AEOs are enterprises that have been designated by a customs administration as having complied with pre-defined and published criteria whereby the enterprise is accorded certain trade-related facilitation privileges not accorded to others.

**Afghanistan:** Afghan Customs does not appear to be familiar with the AEO scheme. No additional material on the subject has been found which relates to Afghanistan. The CAREC Transport and Trade Facilitation Strategy, 2020 (October 2013) includes provisions for assisting member countries to accede to the RKC and for developing SWs in each country. These provisions will subsequently support the AEO program.

**Kazakhstan:** Kazakh Customs Code Chapter 6 (Authorized Economic Operator) provides a comprehensive procedure for AEOs. The code stipulates terms for awarding the status of AEO, the procedure for issuing, suspending, and recalling the registration certificate for AEOs, and obligations and special facilitation privileges provided to AEOs.

**Pakistan:** This is a new concept for Pakistan and legal provisions for the AEO scheme have not yet been introduced.



**Tajikistan:** Article 68 of the Customs Code provides special simplified procedures for Customs clearance by certain importers. Partially, this is what the AEO scheme does; however, the WCO-sponsored AEO scheme is wider in scope and covers not only importers, but all other related entities involved in import, export, and transit operations. Under this procedure, approved persons will be entitled to simplified procedures for customs clearance when importing goods. Privileges are specified under Article 136 (filing of a periodic customs declaration), Article 150 (release of Goods Prior to Submission of Customs Declaration), conducting clearance in premises of such persons, storage of goods in their own warehouses, and other simplified procedures stipulated by Article 68 of the Code (Special Simplified Procedures of Customs Clearance for Certain Persons).

**Uzbekistan:** The Customs Code does not include any provision for approving AEOs. The technical assistance being provided under the CAREC program has included an agenda item to introduce the AEO program to select pilot countries.

**g) Expedited Shipments**

As per Article 7.8 of ATF, member countries are required to introduce the law, business processes, and infrastructure for an efficient and workable system for the clearance of “**expedited shipments**”. The legislation may prescribe minimum documentation, limiting such a facility to specific sets of goods and minimum shipment values. Member countries may also request the trader to provide any additional information or documentation required by national legislation.

**Afghanistan:** There is no provision in the Customs Code to stipulate the procedure for clearance of goods that are eligible for expedited shipments.

**Kazakhstan:** Kazakh Customs code provides for priority release of certain categories of goods under a customs procedure. Article 276 specifies the categories requiring priority release under a customs procedure including radioactive materials, explosives, postal goods, express cargo, material for the media, engine parts, and tools required for repairs and other similar material.

**Pakistan:** The Customs Rules, 2001 (Chapter IV) provide procedures and identify goods that require immediate and rapid clearance as a matter of priority. The list includes human body organs, medicines, lifesaving drugs, live animals and live plants, newspapers, radioactive materials, and replacement parts. The rules specify the format of application, admissibility of prior release, the manner in which goods are to be released, and the documents to be attached with the application form.

**Tajikistan:** Article 67 of the Customs Code provides for clearance of goods from Customs under simplified procedures on a priority basis. The categories of such goods include natural calamities, accidents and disasters, radioactive materials, international mail and express cargoes, information and other materials for mass media intended for use by some government agencies, and other similar goods. Under Article 68, there is a simplified procedure of customs clearance for certain persons. Article 150 allows release of the goods prior to the submission of customs declarations, provided the declarant has submitted commercial or other documents containing the information that allows identification of goods, and also documents and information confirming fulfilment of restrictions established by legal acts of Tajikistan.

**Uzbekistan:** The Uzbek Customs Code has provisions enabling Customs authorities to clear shipments expeditiously. For example: (i) examination of imported goods without the presence of the declarant in cases involving environment and health of population, animals, and vegetation (Article 44), (ii) simplified customs registration procedures relating to categories of goods specified in Article 81, and (iii) the right to establish a simplified procedure for declaring commodities and means of transport being imported onto or exported from the Republic's Customs territory (Article 98).

***h) Perishable Goods***

Members are required to provide for approved storage facilities; to maintain a procedure for the transfer of goods in that facility; prescribe a procedure for the expedited clearance of goods under normal conditions; and examination and clearance on priority outside business hours. All this is required to facilitate traders in avoiding the risk of loss or damage to such goods. Traders must be notified in case there are issues at the time of clearance.

**Afghanistan:** Afghan Customs law provides that customs value for perishable goods shall be determined by the customs authority in accordance with customs legislation. The law further provides that imported perishable goods, not cleared within a stipulated time, shall be auctioned under orders of the courts or by Customs under special circumstances. There is no provision in the Customs Code that specifies a procedure for urgent or prioritized release of perishable goods.

**Kazakhstan:** The Kazakh Customs Code provides for priority release of perishable goods and live animals in addition to other categories of goods. Article 276 specifies categories including perishable goods and live animals. Article 238 provides that perishable goods with relevant documentation will be detained for not more than 24 hours. Article 148 specifies that perishable goods cannot be accepted as pledge by Customs.

**Pakistan:** There are provisions in the Customs Act to expedite review and clearance (if approved) for perishable goods which require temporary storage or refrigerated warehousing. There is also a special procedure for pre-clearance -- "Prior Release of Urgent Consignments," -- set forth in Rules 43 to 48 of the Customs Rules. Rule 43(iv) defines an "urgent consignment" and identifies the relevant categories of goods, including perishable goods. Rules 46(2) and 47(2) provide for the examination of urgent imports and exports on a priority basis.

**Tajikistan:** Article 67 of the Customs Code provides for the clearance of goods including perishables and live animals under simplified procedures on a priority basis. Article 103 specifies a time limit for temporary storage of perishable goods. Article 218 allows Customs authorities to determine warehousing time for perishable goods, and this period may be extended by the Customs authorities.

**Uzbekistan:** The Customs Code provides for a simplified customs registration and clearance procedure for certain categories of goods including perishable goods under Article 81 (the simplified customs registration procedure). This article also refers to a set of requirements for the application of a simplified customs registration procedure specified under the law which is apparently separate from the Customs Code.

**Formalities Connected with Importation, Exportation and Transit*****a) Use of International Standards***

Members are encouraged to use relevant international standards as a basis for the importation, exportation, or transit formalities and procedures. They are also encouraged to take part in the preparation and periodic review of relevant international standards by appropriate international organizations. The WTO Committee has developed procedures for the sharing of relevant information and best practices among members regarding implementation of international standards, as appropriate. A list of 35 internationally accepted instruments has been provided by the International Trade Centre (ITC) in Appendix III of its "A Business Guide for Developing Countries" (which explains WTO ATF). The list includes a United Nations (UN) Layout Key for Trade Documents, International Standards Organization (ISO) Country Code, Aligned Invoice Layout Key, Electronic Commerce Agreement, E-commerce Self-regulatory Instruments, Recommendations and Guidelines for Establishing a SW, Data Simplification and Standardization for International Trade, and Establishing a Legal Framework for International Trade. To obviate the possibility of using arbitrary

technical barriers to trade, it has been stipulated by WTO/WCO that member countries follow the international standards or their own standards, provided they are not more stringent than the international standards.

**Afghanistan:** Article 53 of the Customs Code allows officials to adopt prohibitions or restrictions in accordance with the relevant laws for reasons of public morality, security, environment, health and life of humans, animals or plants. Afghanistan National Standards Authority (ANSA) is in the process of developing national standards. Approved standards are available on the website.<sup>10</sup>

**Kazakhstan:** The Kazakhstan Customs Code specifies that customs legislation shall be based on the Constitution of Kazakhstan and international agreements ratified by Kazakhstan. Article 8 (The Basic Tasks of the Customs Bodies) of the code specifies the tasks of the customs bodies which, *inter alia*, include ensuring human life and health, animal and plant life, and the environment. Article 192 (Interaction Between Customs Bodies and Regulatory State Bodies at the Customs Border of the Customs Union) requires closer “interaction between customs bodies and regulatory state bodies at the customs border of the customs union through overall coordination of actions and their joint control holding it in the manner established by mutual acts”. There are provisions for use of international standards within the Customs Code, but sufficient information regarding implementation of these provisions is not available.

**Pakistan:** There is no provision in the Customs Law which makes it obligatory to use international standards. Pakistan Standard and Quality Control Authority (PSQCA) is, however, responsible for specifying and reviewing national standards based on the latest scientific knowledge. PSQCA is also required to establish liaison and represent Pakistan’s views at international organizations on standardization. PSQCA has developed standards available on their website.<sup>11</sup>

**Tajikistan:** The Customs Code does not specify the use of international standards by Customs. National standards are specified in relevant government laws and regulations and the customs officials are explicitly required to follow and implement those laws. Tajik Customs Law also requires Customs officials to allow other government department officials required to perform under their respective laws, any task/duty associated with the clearance of goods. Article 61 (Permission of the Customs Authorities for the Performance of Customs Operations) authorizes Tajik Customs to immediately contact relevant persons from other departments to seek permission before performance of some functions for the clearance of goods.

**Uzbekistan:** Compliance with international standards is a major challenge for any developing country as it goes beyond mere legal provisions in the Customs Code. Review of the Customs Code of Uzbekistan shows strong awareness of obligations and commitments made under international agreements (to which the Uzbek government is a signatory). For example, Article 4 (Regulatory Documents of Customs Activity), Article 7 (Basic Definitions), Article 9, Article 10, Article 21 (Transit), and Articles 50, 52, and 127 specifically provide that provisions of international agreements will be followed by Uzbek Customs.

#### **b) Single Window**

As per Article 10.4, Members shall endeavour to:

- i. Establish or maintain a SW, enabling traders to submit documentation and data requirements for importation, exportation, or transit of goods to the participating authorities or agencies
- ii. Notify the WTO Committee the details of operation of the SW
- iii. Use information technology to support the SW

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<sup>10</sup> <http://ansa.gov.af/en>

<sup>11</sup> <http://psqca.com.pk>

**Afghanistan:** There is no legal provision in the Customs Code making it obligatory for Afghan Customs to develop SW. As stated by an Afghan representative, “Afghan Customs has developed and implemented a specialized exemption module (based on SW concept) used for goods cleared under exemption regimes -- International Security Assistance Force (ISAF), US Army, Diplomatic Missions and International Organizations and the Government of Afghanistan.”<sup>12</sup> The development of SW is one of the activities identified under the CAREC program for which CAREC member countries, including Afghanistan, will receive assistance.

With the initiation of the latest upgraded ASYCUDA version (financed by the World Bank and developed by UNCTAD) known as “ASYCUDA World,” the ACD implemented the web-based ASYCUDA World in 2013. The system now sends and receives transit data live from 13 Customs offices and supports the application of import/export processes at 11 Customs offices. It covers 95% of the total trade and transit of Afghanistan, averaging 300 international transits (T2) and 1500 inland transit (T1) declarations per day.

**Kazakhstan:** Chapter 7 of the Customs Code provides for establishment of an information system and the use of IT. It requires software development to be used by declarants and persons carrying out activities in customs affairs. The code provides for the necessary resources, information security, and protects the rights of entities participating in the processes. The chapter also provides for information exchange with customs authorities from neighboring countries. The joint statement at the 12<sup>th</sup> CAREC CCC meeting reported that “as per the ICT, improvements in automation and introduction of SW are taking place.”<sup>13</sup> Kazakhstan reported on the improvements of their ICT systems that will allow a fully paperless processing in the near future.

In 2011, a working group was constituted by the Customs Control Committee of Kazakhstan to analyse the potential for integrating the government agencies’ information systems with those of the Operative Management Center of the Customs Control Committee. Recently, the country translated its customs controls into a software system and successfully established connections with all relevant government bodies for integrated information exchanges.

**Pakistan:** Pakistan’s Customs department has made its paperless WeBOC system operational throughout most of the internal network. This program also caters to the needs of main private stakeholders by allowing them to communicate with Customs through an Electronic Data Interchange (EDI.) International carriers submit import and export manifests electronically; traders and Customs Agents file Goods Declarations together with support documents for imports, exports, and transit consignments in WeBOC; terminal operators are also informed about the status of each consignment, whether required for examination, cleared for movement, or blocked until further notice through WeBOC. Customs is presently developing a system to support the smooth implementation of both National Single Window (NSW) and Regional Single Window (RSW) based on a roadmap developed by the Trade Project. The GoP has to determine the Single Window system lead agency, and notify affected agencies. The Trade Project has suggested that Customs should be the lead agency.

**Uzbekistan:** In the current Customs Code there is no provision on the use of IT or electronic means to exchange information. Therefore, there is no specific provision on the establishment of SW; however, all CAREC members have developed customs information management systems, including Uzbekistan. Uzbekistan has proposed a RSW for the CAREC region.<sup>14</sup>

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<sup>12</sup> CAREC Workshop on WCO Revised Kyoto Convention, February 27-28, 2013, Astana Kazakhstan. Presentation by Gul Pacha, Afghan Director Customs Technical Affairs and Said Jamal Hashemi, Afghan Director of Law Enforcement.

<sup>13</sup> Statement of the Twelfth Meeting of the Customs Cooperation Committee under the Central Asia Regional Economic Cooperation Program, September 18, 2013 Astana, Kazakhstan

<sup>14</sup> Statement of the Eleventh Meeting of the Customs Cooperation Committee under the Central Asia Regional Economic Cooperation Program 23-25 October 2012 Chengdu, People’s Republic of China.

**Tajikistan:** There is no specific mention of SW in the Customs Code of Tajikistan. Chapter 61 of the Customs Code provides the legal basis for establishing a system using information technologies to assist in its operational activities. This provision includes the development and use of a system driven by ICT, and implementation in accordance with national and international standards. Such a system will be owned by the state and be supported by private sector contracts. Customs will determine the procedures and terms for using this information system within their network. The procedure for receiving information from varied sources will also be determined in accordance with the Customs Code and other normative legal acts of Tajikistan.

During the 12<sup>th</sup> CCC meeting under CAREC, a Tajikistan representative shared the ICT improvements in automation and also shared the Tajik experience in SW development. The European Union (EU) is currently providing support for the establishment and implementation of a pilot SW system for export, import, and transit procedures in Tajikistan. The Tajik government has also constituted an interagency working group to implement a SW for import/export and transit clearance with a five year NSW Program to improve the efficiency of administrative procedures in foreign trade.

### **c) Use of Customs Brokers**

Customs brokers are licensed by customs administrations to assist traders in clearance of their goods. Each country has developed its own procedure for issuance of such licenses. Chapter 8 of the RKC GA (Relationship between Customs and Third Parties) states that traders shall not be required by customs to engage customs brokers and that there should be transparent rules for such brokers. Importers, exporters, and business entities will have the option to transact customs business either through customs brokers or on their own.

**Afghanistan:** The Afghan Customs Code Articles 15 and 16 contain provisions relating to customs brokers. The review of the English text of Article 15 of the Customs Code shows that “import and export of goods shall be executed by a customs broker”. The use of the word “shall” gives the impression that the use of brokers is mandatory under Afghan Customs Law. Both the RKC and ATF prohibit the mandatory use of brokers for clearance of goods.

**Kazakhstan:** Chapter 5 of the Customs Code deals with the interaction between customs authorities and persons managing customs issues. The chapter provides the conditions under which customs brokers will be registered, their rights, duties, and the grounds on which registration can be revoked; the Customs Code does not clearly state whether the use of brokers is mandatory and/or if importers/exporters or trade participants are allowed self-clearance of goods through customs.

**Pakistan:** Pakistan Customs has a procedure for “customs agents licensing” which is defined in Chapter VIII of the Customs Rules, 2001. These rules are compliant with the requirements of the RKC. The procedure provides a whole range of conditions covering the application format, eligibility, passing the qualification test, the issuance of the license and its conditions, as well as its renewal and termination conditions. In addition, the responsibilities of customs agents and penalties for infringement of the rules are documented. Individuals and companies are allowed to self-clear goods through Customs.

**Tajikistan:** Tajikistan Customs Code recognizes customs brokers and their role in navigating the clearance process. Article 10 (basic terms) defines the broker as an intermediary who performs customs operations on behalf and (or) on the instruction of a declarant or another person who undertakes the responsibility or who is given the right to perform customs operations in compliance with the Customs Code. Chapter 15 of the Customs Code provides comprehensive information for the registration of brokers, their qualification criteria, application procedures, their role and responsibilities, and the conditions under which their registration may be withdrawn. Review of the customs law and the definition of a “declarant” (a person who declares goods or in whose name a declaration is made)



indicates that hiring of a customs broker is not mandatory for the clearance of goods. Therefore, there is no discrimination between the goods being cleared by customs brokers or by other individuals.

**Uzbekistan:** The Uzbek Customs Code recognizes customs brokers as entities acting on behalf of the entity conveying commodities. Such brokers are to be licensed in accordance with the requirements laid down in the Code. Article 101 also briefly describes the role and responsibilities for customs brokers. Customs law does not make it obligatory for the owners of goods to hire customs brokers, and does not treat goods being cleared through customs by brokers or by the owner/importers/exporters any differently. Owners of goods are therefore allowed to clear goods.

#### ***d) Border Agency Cooperation***

The RKC provides that the countries should make their business hours and the competence<sup>15</sup> of the border offices coincide, introduce joint controls, and to co-operate with neighboring Customs authorities to establish a coordinated Customs office for joint controls. This objective may be achieved through bilateral or multilateral facilitation agreements stipulating common procedures and uniform documentation at the borders. In a number of countries, customs authorities are also given the additional responsibility for enforcing immigration controls at entry and exit points.

**Afghanistan:** Article 11.3 of the Afghan Customs Code authorizes Customs to enter into arrangements with other customs administrations for exchange of information. An EDI system has been developed, agreed to, and is being piloted with Pakistan Customs for goods in transit. Additionally, Afghanistan plans to extend Customs-to-Customs (C2C) meetings with CARs and Iran in order to develop joint declaration and/or C2C electronic data exchange systems. Subject to Article 13, the Afghanistan Customs Department, with the approval of the Minister of Finance, may sign agreements with state or non-state domestic or foreign organizations for exchanging information to improve the enforcement of customs legislation.

**Kazakhstan:** Kazakh Customs Code Chapter 22 provides for mutual administrative assistance between customs departments that include the exchange of information and mutual recognition of decisions by each member state of the Customs Union. Mindful of the relevance and importance of uniform documentation at borders, Kazakhstan highlighted the need to reduce the number of documents for import and export, and to minimize the number of agencies operating at BCPs by transferring certain control functions (for example, SPS and immigration) to Customs. Kazakhstan also suggested that a TRS be initiated first and then extended to BCPs by collaborating with neighboring countries.<sup>16</sup>

**Pakistan:** Pakistan has signed customs cooperation agreements with Iran (Pakistan Iran Customs Cooperation Agreement), India (Agreement between India and Pakistan on Cooperation and Mutual Assistance in Customs Matters), and China (Agreement between the Government of Pakistan and the Government of the People's Republic of China on Cooperation and Mutual Assistance in Customs Matters). Under the agreement with Iran, a joint committee has been established to design and implement joint border control. Customs has also implemented joint programs with United States and United Kingdom Customs. Under the Integrated Cargo Container Control (IC3) Program, for example, all US-bound containerized cargo at Port Qasim is scanned prior to shipment. Pakistan also signed the APTTA with Afghanistan in 2010. Pakistan, however, has yet to adopt harmonized border procedures and documentation that include SPS, immigration, and standards from other ministries, although regulatory efforts for improvement are underway. Countries such as the US, Australia, and the EU are rapidly adopting the harmonized system and have common border controls with neighboring customs officials.

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<sup>15</sup> The word competence signifies that officers posted on both sides of the borders should have the same powers under the law.

<sup>16</sup> Statement of the Twelfth Meeting of the Customs Cooperation Committee under the Central Asia Regional Economic Cooperation Program, September 18, 2013 Astana, Kazakhstan.

**Tajikistan:** The Tajik Customs Code recognizes the importance of adopting harmonized documentation and common border procedures as trade facilitation measures. Article 63.5 (Documents and Data Required for Customs Clearance) of the Customs Code provides that to simplify and expedite the course of customs clearance, an authorized body on customs affairs shall conclude agreements with the customs authorities of foreign countries for mutual recognition of documents and procedures.

**Uzbekistan:** Border management is becoming more complex because of the multiplicity of state agencies involved. There is no provision in the Customs Code which requires Customs to introduce common border procedures and uniform documentation. There is an increased need for regional cooperation on common border procedures and uniform documentation between Uzbekistan and neighboring countries, including:

- i. Harmonization of customs procedures
- ii. Mutual recognition of customs inspection results
- iii. Customs seals and stamps
- iv. Regional guarantee systems

**e) *Rejected Goods***

If any imported goods do not meet the SPS standards or regulations, member countries will have the right to disallow imports of that good; however, the provision requires that in such a case, the member country shall allow the importer to re-consign or to return the rejected goods to the exporter or another person designated by the exporter. When such an option is given and the importer fails to exercise it within a reasonable period of time, the competent authority may take a different course of action to deal with such non-compliant goods. This would mean confiscation and destruction of the goods or some other measures to protect human, plant, and animal life from foreign pests and diseases.

**Afghanistan:** There is no specific provision in the Customs Code on rejected goods on the ground of SPS standards; however, Article 160 (Remission or Refund for Defective Goods) of the Customs Code of Afghanistan provides that goods damaged prior to release or which are not compatible with the importation contract shall be allowed to be exported, and duties paid, if any, will be refunded to the payer by the customs department subject to the procedure specified.

**Kazakhstan:** There are provisions in the Customs Code (e.g., Articles 23, 192 & 243) requiring examination of goods with reference to SPS standards but there is no specific language regarding how to handle goods not meeting these standards. Article 401 of the Customs Code, however, allows the return of imported goods to the exporter if these goods do not meet specifications of the contract in terms of quantity, quality, description, or packaging. No import duty/taxes are charged on such goods.

**Pakistan:** Currently, Appendix B of the Import Policy Order (2013) requires various animal and plant products to be fit for human consumption and pest/disease free as per SPS standards. In cases that do not meet these requirements, an importer can exercise two options:

- a. If the importer makes a request for re-export of such rejected goods, the goods are allowed re-export.
- b. In case the importer does not wish to re-export the goods, these goods are destroyed to protect the plant and animal life of the country

**Tajikistan:** Article 66 of the Customs Code provides for the examination of imported goods by relevant agencies with reference to sanitary standards. It does not specifically provide for permission to re-export rejected goods. Elsewhere in the Customs Code, however, there is a provision that permits an importer to re-export goods which are not allowed to be imported. Therefore, the condition of the RKC in this respect is fulfilled.



**Uzbekistan:** The Uzbek Customs Code allows an importer to destroy rejected goods at the trader's or his agent's expense without payment of duty/taxes, if such goods do not meet clearance requirements. It also provides that in case Customs does not allow destruction, the owner may re-export the goods while bearing all expenses (Article 37).

***f) Temporary Admission of Goods/Inward and Outward Processing***

The RKC and ATF stipulate that each member should allow temporary admission of goods, without payment of duty/taxes, as provided for in its laws and regulations. The term "inward processing" means import of certain goods brought into a country conditionally on the basis that such goods are intended for manufacturing, processing, or repair followed by export. The term "outward processing" means local goods from a country may be temporarily exported for manufacturing, processing, or repair to some other country and then re-imported. Both these processes will be carried out in accordance with the conditions and procedures devised by each country.

**Afghanistan:** The Afghan Customs Code provides comprehensive procedures for inward and outward processing.

**Kazakhstan:** Chapter 40, Chapter 41, and Chapter 43 (temporary admission) of the Customs Code provide for comprehensive procedures which stipulate the procedures, terms and conditions, processing operations, disposal of wastages, replacement of equivalent goods, the origin and documentation, termination of the obligation to pay duties/taxes, and other allied features of the schemes.

**Pakistan:** Pakistan Customs allows temporary "importation" of certain goods without payment of duty/taxes for processing in Pakistan and subsequent exportation, although this provision is not available as a rule. There is a procedure for the temporary "exportation" of goods that allows processing outside the country followed by re-importation in para 8 of the Export Policy Order (EPO), 2013. The EPO is deficient, as it does not allow all kinds of goods to be exported and re-imported after some processing; however, Customs does allow all kinds of goods to be exported and then re-imported after some processing at the request of any stakeholder.

**Tajikistan:** Tajik Customs Code provides for temporary admission and inward processing/outward processing of goods. These three terms are defined in chapters of the Customs Code which also stipulate the conditions and procedures regulating each temporary admission, inward and outward processing, and subsequent handling by Customs. Temporary import of goods is defined as a customs process that allows foreign goods to be imported with full or partial exemption from customs duties and taxes, and without application of prohibitions and restrictions of economic nature, provided they are re-exported from Tajikistan within a set time period. Inward processing is allowed for foreign goods with conditional exemption from Customs duties and taxes subject to further processed goods being exported outside Tajikistan. Outward processing is allowed where domestic goods are exported for the purpose of further processing and subsequent processed products being imported back into Tajikistan within a specified time limit with full or partial exemption from import Customs duties and taxes in accordance with the law.

**Uzbekistan:** Uzbek Customs Code has provisions for inward and outward processing. The procedures specified therein allow import or export of goods for further processing and subsequent re-importation or re-exportation without payment of duty/taxes or on partial payment of duty/taxes subject to the procedures and conditions specified under the relevant rules.

## Publication and Availability of Information

This Article requires Member countries to publish the information related to the requirements and procedures for clearance of goods for import, export, and transit promptly. This should include, but is not limited to: procedures, rates of duty and taxes, rules for the classification, valuation of goods for assessment purposes, forms and documentation; rules of origin, transit restrictions, procedures and penalties; appeal procedures, trade agreements, applicable tariff quotas, if any; and any other administrative arrangements. This information should be available in print format, easily available to the interested parties at designated places, and should also be placed on the relevant websites in a user friendly manner in accordance with the best international practices to facilitate stakeholders. The information as provided in print or on a website is mentioned below:

Article 1.1 of the ATF provides as follows:

**1. Publication.** Each ATF member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to become acquainted with them:

- a. Importation, exportation, and transit procedures (including port, airport, and other entry-point procedures) and required forms and documents
- b. Applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation
- c. Fees and charges imposed by or for governmental agencies on or in connection with importation, exportation, or transit
- d. Rules for the classification or valuation of products for customs purposes
- e. Laws, regulations and administrative rulings of general application relating to rules of origin
- f. Import, export, or transit restrictions or prohibitions
- g. Penalty provisions against breaches of import, export, or transit formalities
- h. Appeal procedures
- i. Agreements or parts thereof with any country or countries relating to importation
- j. Exports or transit
- k. Procedures relating to the administration of tariff quotas

**2. Information Available through Internet:** Each Member shall make available, update to the extent possible and as appropriate, relevant information through the internet in English.

**3. Enquiry Points:** Each Member shall (within its available resources) establish or maintain one or more enquiry points to answer reasonable enquiries from governments, traders, and other interested parties on trade-related matters in English.

**4. Notification:** Each Member shall notify the Committee of the official place(s) where trade-related information is available and the URLs of website(s) providing such information.

**Afghanistan:** Afghan Customs-related information (Customs Code and Customs Tariff) is available on the official website<sup>17</sup> as well as other government websites. Afghan Customs, however, needs to maintain their website to provide information in a clear and structured manner that is in accordance with international best practices. The website should be user friendly and should be updated on a regular basis. ACD should also establish enquiry points to respond to various queries of governments and stakeholders in English.

**Kazakhstan:** Kazakhstan Customs-related information is available on their official website.<sup>18</sup> Kazakh Customs must take measures to ensure that their website and links are functional and provide

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<sup>17</sup> <http://www.customs.gov.af>

<sup>18</sup> <http://www.customs.kz/wps/portal/customs/>

instructions which direct the visitor to pertinent information. They also need to place the information in a structured format, as recommended by international organizations to meet the standards, update the contents of the website on a regular basis, and appoint enquiry points to respond to the queries of governments and other stakeholders. It is commendable that the information available is in English (an official language of the WTO) as per requirements of the Agreement on Trade Facilitation (Article 1.2.2) in addition to national languages (i.e., Kazakh and Russian).

**Pakistan:**

**1.a Importation, exportation, and transit procedures (including port, airport, and other entry-point procedures) and required forms and documents.** FBR has published the Customs Act, 1969 with associated rules and the Customs General Order. These documents are updated periodically. These publications contain the legal texts of relevant laws, rules, and procedures. These are published in print format and are also available on the FBR website<sup>19</sup> in the original legal texts. There are no fact sheets, answers to frequently asked questions, brochures, or easy to understand series that convert the legal texts into common language. There are also no systems for making specific information available through an electronic search engine.

**1.b Applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation.** FBR publishes its national tariff and the current rules and regulations in a two-volume book set which is available for sale to the traders through most of the Customs offices in Pakistan. Based on the HS Code<sup>20</sup>, for each heading it provides the rates of Customs duty, additional duty, sales tax/federal excise duty, withholding tax, concessional/exemption notifications references, rates of such duty taxes applicable on the goods importable from Free Trade Agreement or Preferential Trade Agreement (FTA/PTA) countries, and import policy status. Therefore, these two-volume publications meet the requirements of the Article, *however, the information available in the two volumes mentioned above has not been placed on the FBR/Customs website.*

**1.c Fees and charges imposed by or for governmental agencies on or in connection with importation, exportation, or transit.** At present, fees and charges are published separately and available in scattered documents. There is no consolidated document accessible to traders. Customs should prepare details of all fees and charges for various import, export, and transit procedures in one place.

**1.d Rules for the classification or valuation of products for Customs purposes.** The detailed Rules for classification and valuation are available. The classification procedure is based on the rules for interpretation of the Harmonized Commodity Description and Coding System. These rules are also part of the First Schedule of the Customs Act. Valuation of goods is governed by Article VII of GATT 1994, which in turn has been incorporated into section 25 of the Customs Act and Rules.

**1.e Laws, regulations and administrative rulings of general application relating to rules of origin.** The Rules of Origin were formulated and notified in February, 1973 through a Statutory Regulation Order (SRO) by the Ministry of Commerce (MoC); however, these Rules need to be updated based on the WTO Agreement on Rules of Origin.

**1.f Import, export or transit restrictions or prohibitions:** The restrictions imposed on imports, exports, and transit are contained in the Import and Export Policy Orders issued by the MoC. These are available for sale to the general public in print format and are also accessible on the MoC website.

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<sup>19</sup> [www.fbr.gov.pk](http://www.fbr.gov.pk)

<sup>20</sup> The Harmonized Commodity Description and Coding System, generally referred to as "Harmonized System" (HS) developed by the WCO for the classification of goods.

**1.g Penalty provisions against breaches of import, export, or transit formalities:** The penalty provisions are provided in Section 156 (1) of the Customs Act, comprehensively. The Customs Act is available in print form and on the FBR/Customs website.

**1.h Appeal procedures:** The conditions under which appeals may be filed are provided in the Customs Act, 1969. The detailed procedures/Rules are available in the Appellate procedures and the Charges/Fees with regard to Appeals are available in various places, but these are neither reviewed periodically nor structured in a user-friendly format.

**1.i Agreements or parts thereof with any country or countries relating to importation, exportation, or transit:** The Agreements and the Schedules of Concessions with various countries (PTAs, FTAs, and Transit Agreements) are available on the MoC and FBR/Customs website. This information is provided as the original legal documents which are lengthy, and at times difficult to understand for someone who does not have a background in law. To obtain such information, one may have to download an entire set of documents, review, and summarize. Even then, most individuals may still have trouble finding the specific information they are looking for.

**1.j Procedures relating to the administration of tariff quotas:** In Pakistan, tariff quotas are provided only in the Sri Lanka Free Trade Agreement. Sri Lanka implemented a tariff quota for Pakistani rice. Pakistan reciprocated with a quota for Sri Lankan tea. There are no structured general procedures for managing these or any other quotas that may be allowed in the future. The information about Sri Lankan quotas is available on the MoC and Trade Development Authority of Pakistan (TDAP) websites.

**2. Information Available through Internet:** Most of the information as stated above is available on the internet and through the websites maintained and updated by the MoC<sup>21</sup> and FBR/Customs.<sup>22</sup>

**3. Enquiry Points:** All government agencies have provided contact addresses on their websites, allowing for inquiries to be made on subjects pertaining to them. The extent of their effectiveness can only be measured after the quality and timeliness of their responses are assessed. The FBR enquiry point is the website of Facilitation and Taxpayer Education (FATE) wing of the FBR.<sup>23</sup>

**4. Notification:** The GoP has entered into several international agreements under which it is obligatory to convey notifications on certain defined subjects, whenever they are issued. Notifications are issued and forwarded in a timely manner to the relevant international organization.

**Tajikistan:** The WCO website refers to Tajikistan's Ministry of Foreign Affairs website.<sup>24</sup> This website does not provide a link to the Tajik Customs department nor does a search engine provide information about the relevant website, making it difficult to review the extent to which related information is available.

**Uzbekistan:** The Government of Uzbekistan's official web portal<sup>25</sup> provides links to various government departments, including the Committee of Customs<sup>26</sup>, but not in English. Hence, information disseminated on the website could not be reviewed and evaluated for this report.

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<sup>21</sup> [www.moc.gov.pk](http://www.moc.gov.pk)

<sup>22</sup> [www.fbr.gov.pk](http://www.fbr.gov.pk)

<sup>23</sup> <http://www.fbr.gov.pk/OfficeHomePage.aspx?view=Office%20Home%20Page&ActionID=43&ArticleID=546>

<sup>24</sup> <http://mfa.tj/en/search/>

<sup>25</sup> <http://www.gov.uz/en/resources/>

<sup>26</sup> <http://www.customs.uz/uz>

## Issues Faced by Pakistani Traders

Since the Central Asian states gained independence in 1991, the Pakistani business community has shown interest in establishing trade links with these landlocked countries. Due to a number of hurdles the true potential has not been achieved. The impediments highlighted by the private sector relate to local issues as well as impediments experienced en route while passing through countries of transit. These may be classified as physical impediments (difficult terrain, poor infrastructure, inadequate logistic services, and others) or procedural impediments (stringent and varied regulatory processes, lack of harmonized multilateral trade and transit agreements, absence of a common guarantee system, etc.) Some of the business entities involved in Pakistan, Afghanistan, and CARs' regional trade have highlighted the main difficulties as listed below.

**Afghanistan-Pakistan Transit Trade Agreement, 2010:** Under the provisions of APTTA 2010, Afghan trucks entering Pakistan with Afghan export goods for delivery to Pakistani seaports are required to submit a bank guarantee equivalent to 10% of the duty/taxes leviable on the truck. While this provision was mutually agreed, no bank is prepared to issue these guarantees. As a result, no Afghan vehicles are carrying Afghan exports to Pakistani seaports. Conversely, shippers of Pakistani goods destined to CARs are required to deposit a cash security equivalent to 110% of the amount of duties and taxes applicable on the goods. Once confirmation is received that goods have exited Afghanistan, the amount is refunded. To circumvent this expensive option, many Pakistani exporters to CARs have arranged with Afghan business entities to receive imports from Pakistan and then prepare fresh documents for forwarding these shipments to CARs as exports from Afghanistan.

**Quadrilateral Traffic in Transit Agreement, 1995:** Pakistan, China, Kyrgyzstan, and Kazakhstan entered into an agreement that would allow and encourage transiting goods through each other's territories. Under this agreement, Pakistan's transit cargo can enter Kyrgyzstan and Kazakhstan through Chinese territory. All four countries have also agreed to formulate uniform customs procedures and formalities. A freight forwarder and transport operator engaged in the transit of Pakistani cargo to the CARs via China highlighted the following difficulties with the system as it operated at the time of this report:

*Under this Agreement, Article 3 states, "The transit shall be undertaken by vehicles registered in the Contracting Parties. The system of international road transit, permit shall be implemented for the vehicles approved for transit traffic". Each of the four signatory countries is allowed to move 200 vehicles (total 800) per annum and a separate permit is issued for each movement. These permits are to be printed each year on a rotational basis among the four countries and duly distributed. Pakistan's Ministry of Communications is responsible to implement the QTTA, 1995; therefore, they are required to issue transport permits for Pakistani vehicles. Much time and effort is required, however, to accomplish this formality. As a result there is negligible transit through China. There have been instances when these permits were not printed, creating a serious impediment to the already very limited traffic using the Chinese route to Kyrgyzstan and Kazakhstan.*

**Delays at Sust:** Sust Customs station and dry port is situated about 75km from the Pakistan-China border. It is connected with Islamabad through the Karakoram Highway (KKH) and originally established to facilitate trade between Pakistan and China. For many years it served as an import station for industrial and consumer goods. The port is now also used to transit goods through China to Kyrgyzstan and Kazakhstan under QTTA.

Pakistani traders report that the border post and dry port have facilities to handle import, export, or transit traffic. The Sust Customs station is not yet integrated with Pakistan's WeBOC system. In the absence of mechanical cargo handling equipment, scanners, or customs sniffer dogs, all containerized cargoes must be unloaded manually for examination by customs officials before being



reloaded for shipment to the destination. As a result of these primitive facilities shippers incur heavy expenses that increase the cost of both imports and exports.

It is reported that Chinese Customs and other government officials follow overly restrictive and intrusive procedures when Pakistani vehicles with transit goods to Kyrgyzstan and Kazakhstan transit Chinese territory. Such conduct is interpreted by Pakistani traders as a deliberate attempt to discourage trade with CARs. This issue must be addressed on a priority basis at the Government level if these impediments are to be resolved.

The RKC and ATF prescribe trade facilitation standards at the borders which would include:

- Provisions to file documents prior to the arrival of goods
- Risk management system to identify high risk goods for physical examination
- Reduction in the number and standardization of documents used by neighboring countries
- Establishment of SPS facilities
- Acceptance of seals affixed by the customs authorities of other countries
- Exercising joint customs control and adopting common working hours to alleviate many of the trade impediments found at Sust

Pakistani traders also complain about delayed and protracted clearance processes for goods, and even re-examination of these goods after the goods have been cleared. These matters require in-depth analysis by FBR/Customs to be resolved.

**Visa Related Issues:** Visas are required for truck drivers and freight forwarders, however, reportedly they are very difficult to obtain. The regulations require that while submitting the application for a visa, information about the drivers and their transport should be furnished, which is not always practical in cases where a driver or transport is substituted. The transporter is required to repeat the entire exercise of obtaining a visa with a different set of information, causing delays and impeding trade.

### **Recommendations**

- **Risk management:** Each country's customs and border agencies should concentrate on high-risk consignments and allow the rest to go through without multiple checking.
- **Harmonization and simplification of documents:** All countries should align their laws and procedures to best international practices. The same documents used for exporting a consignment could be accepted as import documents by the receiving country.
- **Automation:** Automation should replace the current manual processes wherever possible. This would result in greater efficiency and also substantially reduce opportunities for corruption.
- **Availability of information and advance rulings:** Access to information and binding advance rulings on tariff classification, origin/preference, and valuation are proven effective trade facilitation tools used by many other countries.
- **SW System:** Introduction of a **SW** system where importers and exporters submit documents at a single point to fulfil all regulatory requirements should also be available for importers and exporters to have documents processed prior to the shipment's arrival at the border.
- **Consultation with Traders on Legal Procedures:** Institutional arrangements should be formed to hold structured periodic consultations with public and private entities.
- **Visa Issuance:** Visa-related issues for drivers need to be reviewed and resolved.

**Review of various transit agreements:** Various transit and trade agreements among CAREC countries have been in force for some time and should be reviewed for difficulties encountered in implementation and enforcement. For example, Pakistan and Afghanistan should consider revisiting APTTA and review provisions in light of international standards and recommended practices. Replacing the bank guarantees for Afghan trucks carrying Afghan export goods to Pakistani seaports with government guarantees, as was done for Afghan exports to India through Wagah, would facilitate Afghan transit trade through Pakistan.



## Appendix 1: Summary Comparison of ATF Provisions with RKC Standards

WTO Agreement on Trade Facilitation	Revised Kyoto Convention
ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 Publication	RKC GA; Chapter 9  Related WCO Documents: <ul style="list-style-type: none"> <li>• Recommendation (1999) on the Use of World Wide Web Sites by Customs Administrations</li> <li>• Revised Arusha Declaration (paragraph 3)</li> <li>• Recommendation (2001) on the Application of HS Committee Decisions</li> </ul>
2 Information Available Through Internet	RKC GA; Chapter 9  Related WCO Documents: <ul style="list-style-type: none"> <li>• Recommendation (1999) on the Use of World Wide Web Sites by Customs Administrations</li> <li>• Recommendation (2001) on the Application of HS Committee Decisions</li> </ul>
3 Enquiry Points	RKC GA; Chapters 7 and 9
4 Notification	RKC GA; Chapters 3, 7 and 9  Related WCO Documents: <ul style="list-style-type: none"> <li>• Recommendation (1999) on the Use of World Wide Web Sites by Customs Administrations</li> <li>• Recommendation (2001) on the Application of HS Committee Decisions</li> </ul>
ARTICLE 2: PRIOR PUBLICATION AND CONSULTATION	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 Opportunity to Comment on New and Amended Rules	RKC GA; Chapters 1 and 9
2 Consultations	RKC GA; Chapters 1, 7 and 9  Related WCO Documents: <ul style="list-style-type: none"> <li>• SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE)</li> </ul>
ARTICLE 3: ADVANCE RULINGS	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
	RKC GA; Chapter 9  Related WCO Documents: <ul style="list-style-type: none"> <li>• Recommendation (1996) on the Introduction of Programmes for Binding Pre-</li> </ul>

WTO Agreement on Trade Facilitation	Revised Kyoto Convention
	Entry Classification Information <ul style="list-style-type: none"> <li>• Recommendation (1998) on the Improvement of Tariff Classification Work and Related Infrastructure (Appendix, Part II)</li> <li>• Technical Guidelines on Binding Origin Information</li> <li>• Practical Guidelines for Valuation Control</li> </ul>
ARTICLE 4: APPEAL OR REVIEW PROCEDURES	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 Right to Appeal or Review	RKC GA; Chapter 10
ARTICLE 5: OTHER MEASURES TO ENHANCE IMPARTIALITY, NON-DISCRIMINATION AND TRANSPARENCY	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 Notifications for enhanced controls or inspections	RKC GA; Chapter 6  Related WCO Documents: <ul style="list-style-type: none"> <li>• SAFE</li> <li>• Risk Management Compendium</li> <li>• SW Compendium</li> </ul>
2 Detention	RKC GA; Chapter 6 RKC SA "H"; Chapter 1  Related WCO Documents: <ul style="list-style-type: none"> <li>• Risk Management Compendium</li> </ul>
3 Test Procedures	RKC GA; Chapter 3
ARTICLE 6: DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation	RKC GA; Chapters 3 and 9 RKC SA "A"; Chapter 1  Related WCO Documents: <ul style="list-style-type: none"> <li>• Revised Arusha Declaration</li> </ul>
2 Specific Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation	RKC GA; Chapter 3 RKC SA "A"; Chapter 1  Related WCO Documents: <ul style="list-style-type: none"> <li>• Revised Arusha Declaration</li> </ul>
3 Penalty Disciplines	RKC GA; Chapter 3

WTO Agreement on Trade Facilitation	Revised Kyoto Convention
	RKC SA "H", Chapter 1
ARTICLE 7: RELEASE AND CLEARANCE OF GOODS	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 Pre-Arrival Processing	RKC GA; Chapter 3  Related WCO Documents: <ul style="list-style-type: none"> <li>SAFE</li> <li>Immediate Release Guidelines (IRG)</li> </ul>
2 Electronic Payment	RKC GA; Chapter 7
3 Separation of Release from Final Determination of Customs Duties, Taxes, Fees, and Charges	RKC GA; Chapters 3 and 5  Related WCO Documents: <ul style="list-style-type: none"> <li>SAFE</li> <li>IRG</li> </ul>
4 Risk Management	RKC GA; Chapter 6  Related WCO Documents: <ul style="list-style-type: none"> <li>SAFE</li> <li>Risk Management Compendium</li> </ul>
5 Post Clearance Audit	RKC GA; Chapter 6  Related WCO Documents: <ul style="list-style-type: none"> <li>SAFE</li> <li>Post Clearance Audit Guidelines</li> <li>Risk Management Compendium</li> </ul>
6 Establishment and Publication of Average Release Times	RKC [None]  Related WCO Documents: <ul style="list-style-type: none"> <li>Guide to Measure the Time Required for the Release of Goods (TRS Guide)</li> <li>TRS Online Software</li> <li>The Customs International Benchmarking Manual</li> </ul>
7 Trade Facilitation Measures for Authorized Operators	RKC GA; Chapter 3  Related WCO Documents: <ul style="list-style-type: none"> <li>SAFE; SAFE Package</li> </ul>

WTO Agreement on Trade Facilitation	Revised Kyoto Convention
8 Expedited Shipments	RKC GA; Chapter 3  Related WCO Documents: <ul style="list-style-type: none"> <li>• IRG</li> </ul>
9 Perishable Goods	RKC GA; Chapter 3
ARTICLE 8: BORDER AGENCY COOPERATION	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
	RKC GA; Chapter 3  Related WCO Documents: <ul style="list-style-type: none"> <li>• SAFE</li> <li>• Customs Compendium : Integrated Border Management</li> <li>• WCO Data Model</li> </ul>
ARTICLE 9: MOVEMENT OF GOODS UNDER CUSTOMS CONTROL INTENDED FOR IMPORT	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
	RKC GA; Chapter 6 RKC, SA "E"; Chapters 1 and 2;  Related WCO Documents: <ul style="list-style-type: none"> <li>• Customs Compendium on a Secure and Efficient Transit System.</li> </ul>
ARTICLE 10: FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION AND TRANSIT	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
1 Formalities and Documentation Requirements	RKC GA; Chapter 3
2 Acceptance of Copies	RKC, GA Chapter 3  Related WCO Documents: <ul style="list-style-type: none"> <li>• Recommendation (2012) on Dematerialization of Supporting Documents.</li> </ul>
3 Use of International Standards	RKC GA; Chapters 3 and 7  Related WCO Documents: <ul style="list-style-type: none"> <li>• WCO Data Model;</li> <li>• Recommendation (June 2009) Concerning the Use of the WCO Data Model</li> <li>• Recommendation (June 1990) Concerning the Use of the UNTDED</li> <li>• Recommendation (June 1990) Concerning the Use of UN/EDIFACT</li> </ul>

WTO Agreement on Trade Facilitation	Revised Kyoto Convention
4 SW	RKC GA; Chapter 3  Related WCO Documents: <ul style="list-style-type: none"> <li>• SAFE</li> <li>• SW Compendium</li> <li>• SW Information Store (on WCO Website)</li> <li>• WCO Data Model</li> </ul>
5 Pre-shipment Inspection	RKC [None]  Related WCO Documents: <ul style="list-style-type: none"> <li>• Practical Guidelines for Valuation Control</li> </ul>
6 Use of Customs Brokers	RKC GA; Chapters 3 and 8
7 Common Border Procedures and Uniform Documentation Requirements	RKC GA; Chapter 3
8 Rejected Goods	RKC GA; Chapter 3 RKC SA "C"; Chapter 1
9 Temporary Admission of Goods/Inward and Outward Processing	RKC SA "G"; Chapter 1  Related WCO Documents: <ul style="list-style-type: none"> <li>• Istanbul Convention</li> <li>• A.T.A. Convention</li> </ul>
a. Temporary Admission of Goods	
b. Inward and Outward Processing	RKC SA "F"; Chapters 1 and 2
ARTICLE 11: FREEDOM OF TRANSIT	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
	RKC SA "E"; Chapters 1 and 2  Related WCO Documents: <ul style="list-style-type: none"> <li>• Customs Compendium on a Secure and Efficient Transit System</li> </ul>
ARTICLE 12: CUSTOMS COOPERATION	Chapter/Section of RKC Dealing With Similar/Related Subject Matter
	RKC (only general applicability)  Related WCO Documents:

WTO Agreement on Trade Facilitation	Revised Kyoto Convention
	<ul style="list-style-type: none"> <li>• Recommendation of the Customs Co-operation Council concerning Bilateral Agreements on Mutual Administrative Assistance (June 1995)</li> <li>• Model Bilateral Agreement</li> <li>• International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Repression of Customs Offences (Nairobi, 9 June 1977)</li> <li>• Guide to the Exchange of Customs Valuation Information</li> <li>• Globally Networked Customs Feasibility Study</li> </ul>

## Appendix 2: Pakistan's Compliance Status vis-à-vis RKC Mandatory\* Standards

Annex Title	Total Standards/ Transitional Standards/ Recommended Practices	Compliant	Non-Compliant	Others**
General Annex	121	39	15	67
Chapter 1 of Specific Annex A	19	11	1	7
Chapter 1 of Specific Annex B	2	-	1	1
Chapter 1 of Specific Annex C	3	-	1	2
Chapter 1 of Specific Annex J	39	30	4	5
<b>Total</b>	<b>184</b>	<b>80</b>	<b>22</b>	<b>82</b>
<b>%</b>	<b>100%</b>	<b>43%</b>	<b>12%</b>	<b>45%</b>

\*Note: Pakistan has acceded to Chapters 1 of Specific Annexes A, B, C and J.

\*\* Others: Substantially compliant, partially compliant, and marginally compliant.



**Appendix 3: Pakistan's Compliance Status vis-à-vis RKC Standards**

Annex Title	Total Standards/transitional standards/ Recommended practices	Compliant	Non-Compliant	Others*
<b>General Annex</b>	<b>121</b>	<b>39</b>	<b>15</b>	<b>67</b>
<b>Specific Annex A</b>	32	19		11
<b>Specific Annex B</b>	24	11	6	7
<b>Specific Annex C</b>	3	-	1	2
<b>Specific Annex D</b>	37	15	10	12
<b>Specific Annex E</b>	54	9	27	18
<b>Specific Annex F</b>	63	25	24	14
<b>Specific Annex G</b>	23	12	5	6
<b>Specific Annex H</b>	27	17	6	4
<b>Specific Annex J</b>	91	64	7	20
<b>Specific Annex K</b>	39	9	8	22
<b>Total</b>	<b>514</b>	<b>220</b>	<b>111</b>	<b>183</b>
<b>%</b>	<b>100%</b>	<b>43%</b>	<b>22%</b>	<b>36%</b>

\* Others: Substantially compliant, partially compliant, and marginally compliant

## Appendix 4: CAREC Transport and Trade Facilitation Strategy

### Regional Connectivity on the New Silk Route

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of 10 countries (Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan) supported by six multilateral institutions working together to promote the development of trade and commerce throughout the Eurasian landmass. Multilateral partners include the Asian Development Bank, The Islamic Development Bank, The World Bank, European Bank for Reconstruction and Development, the International Monetary Fund and the UN.

The “Strategic Framework for the CAREC Program 2011- 2020” aims to enhance trade in Central Asia by developing and implementing several cooperation mechanisms among member countries, particularly in the areas of transport, trade facilitation, trade policy, and energy. Building along this framework, the Program has formulated a comprehensive action plan to identify impediments and guide improvements to enhance trade competitiveness in the region.

The CAREC Transport and Trade Facilitation Strategy (TTFS) was first endorsed by the CAREC countries during the 6<sup>th</sup> Ministerial Conference held in 2007. The TTFS aims to eliminate bottlenecks and ease customs formalities at border crossing points for all six of the CAREC corridors. This includes improvements in border infrastructure and single-window projects, implementation of customs modernization projects, improvement of information technology systems and building the foundations for a Regional Single Window environment.

In 2013 the CAREC countries reached the midpoint of the first draft for the TTFS formulated for 2008-2017, which called for a realignment of the strategy’s structure and integrating the approach further for the successful achievement of targets. Subsequently, the program underwent a thorough review of progress between 2008 and 2013, and extensive consultations were held with development partners, private sector stakeholders, freight forwarders’ associations, and members of the CAREC Transport Sector Coordinating Committee (TSCC) and Customs Cooperation Committee (CCC) to solicit feedback. During the 12<sup>th</sup> CAREC Ministerial Conference held in Kazakhstan on October 23-24, 2013 the 10 member countries endorsed and adopted a refined TTFS 2014-2020.

***The review committee report highlights several improvements in Customs cooperation and modernization including accession to the Revised Kyoto Convention by 5 countries, accession to the TIR Convention by 9 countries, automation of customs procedures, increased use of ICT, introduction of Risk Management practices and increased efforts to simplify and harmonize trade data.***

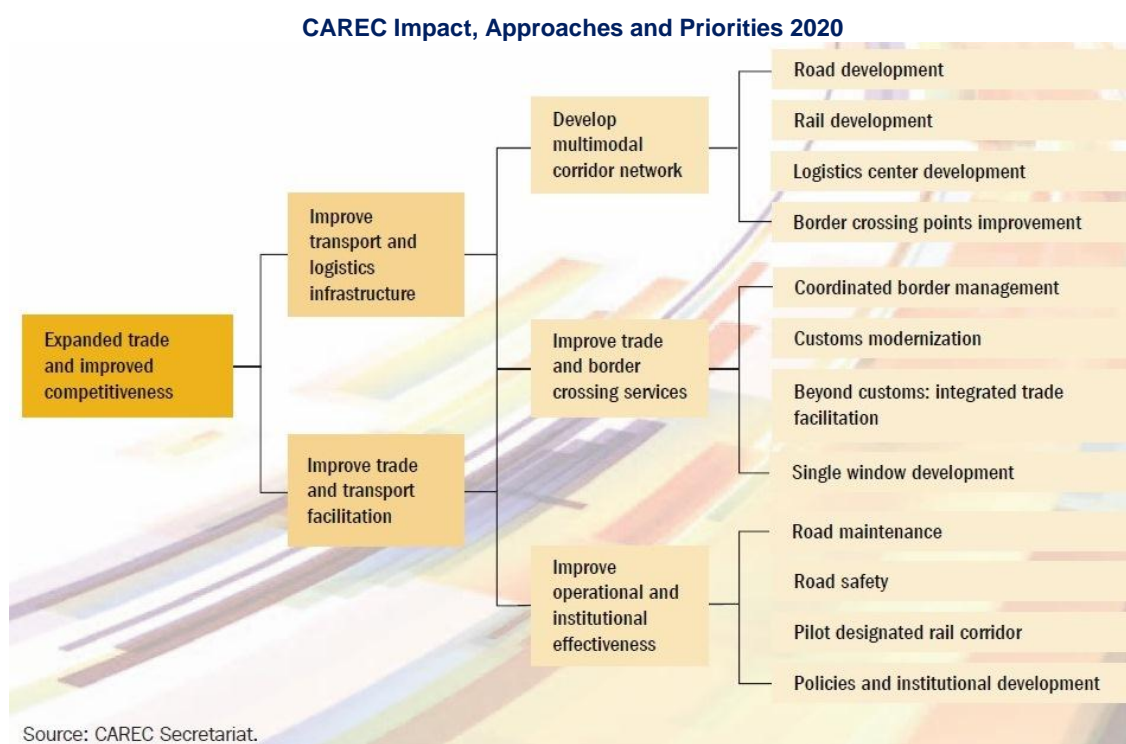
The refined TTFS was formulated to account for the evolving scope of the CAREC Program including expanded membership for Pakistan and Turkmenistan, shifts in the strategy adopted in 2008, lessons learned during the first phase of the accord, and to address the challenges faced in the Program’s implementation. The amended structure not only aims to achieve goals in a more efficient and comprehensive manner to establish competitive trade corridors, but also emphasizes the improvement of logistics services. The sustainability and quality of service is captured in the following new initiatives:

- Increase network sustainability through maintenance and road safety efforts
- Facilitate trade through better coordinated border management, improved physical infrastructure, greater use of information and communication technology and risk management and modernization of sanitary and phytosanitary inspection procedures
- Develop designated rail corridors for uninterrupted, long-distance movements of non-bulk cargo

- Establish distribution hubs based on intermodal connections and introduce value-added logistics
- Improve efficiency of international transit corridors by providing connections to seaports through the establishment of corridor management units (CMUs).

The revised TTFS places more weight on the need for interconnectivity with half of the 24 new technical assistance projects dedicated to improvements in road and railway networks. The CAREC Institute, once operational, will monitor progress toward realizing the targeted goals and facilitate knowledge sharing among stakeholders.

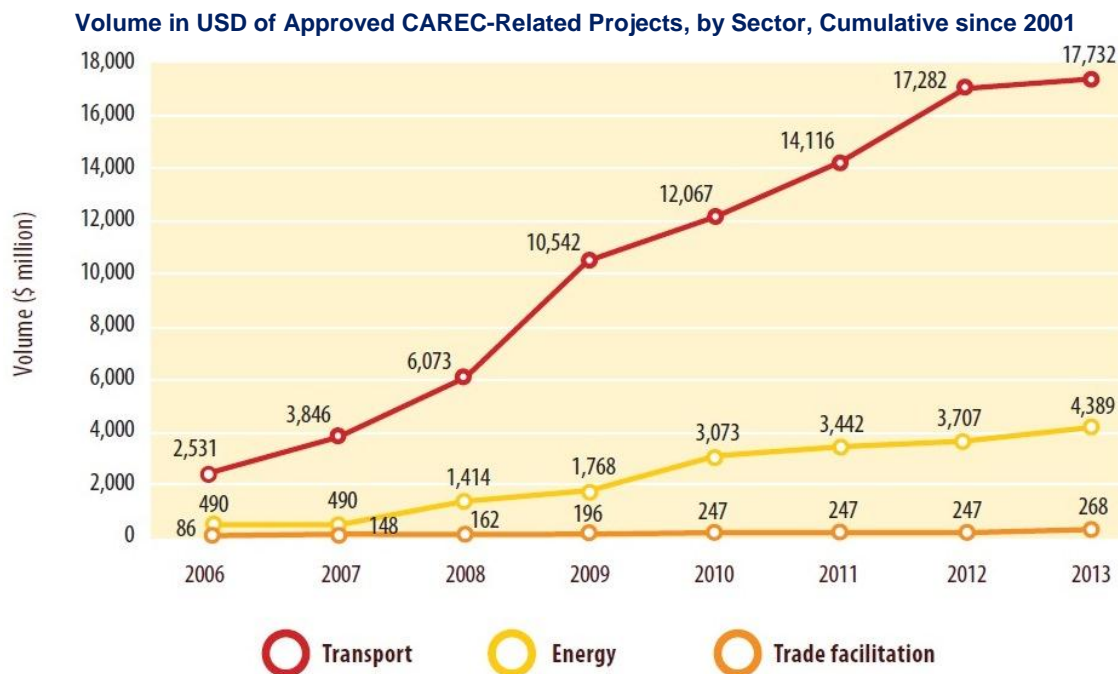
Despite the achievements, much remains to be done in the areas of trade facilitation. As shown in the figure below, the operational objectives for 2020 place greater emphasis on the harmonization of trade regulations, procedures and standards for the cross border movement of goods and people:



Continued integration of the CAREC countries partially relies on border practices and customs management, both at and beyond the national borders. Improved connectivity will involve operating Risk Management Systems, coordinated border management, joint customs control; customs transit arrangements; including provisions for advanced information and other schemes. Enhancements beyond borders include streamlining the issuance of permits, licenses, standardized commercial and transport documents, and paperless customs are also critical for improving efficiency. Keeping in mind the aim of a 35% decrease in time to clear border crossing points (from 8.7 hours in 2010 to 5.7 by 2020), it is essential for authorities to initiate and implement extensive improvements in border practices.

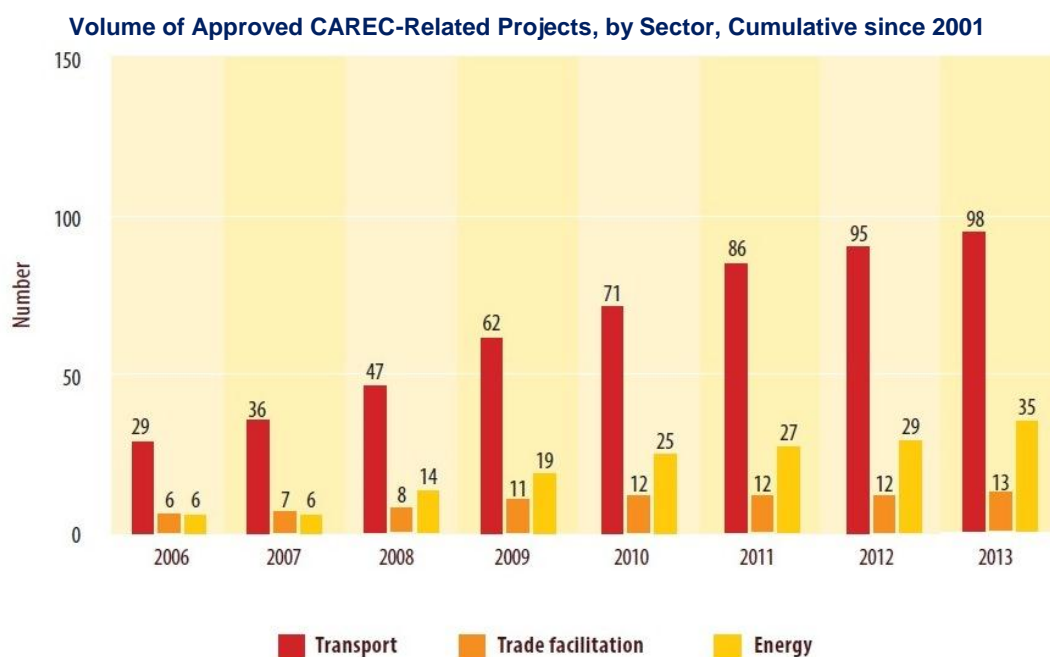
The two figures below provide a breakdown of CAREC-approved Projects by sector and spending. The aggregate 2001-2013 expenditures suggest that improvements in infrastructure and transport-related projects have been the CAREC Program's highest priority, and have experienced an increase in investments of USD 15.201 billion since 2001. Growth in energy assistance has also seen a steady increase from USD 490 million in 2001 to USD 4.39 billion in 2013. The proportion of trade facilitation projects has remained low during the past decade. This could be a factor in the slow growth and may

have had a crucial impact on effectiveness of the implementation plan. Accelerated advancements in road and railway routes could increase the seamless flow of traffic but automation required to sustain an expeditious clearance of goods also needs to be simultaneously addressed. Due to the correlation of performance, benefits from improved infrastructure cannot be maximized if the 'soft' non-physical policy and process barriers are not addressed as quickly as possible.



CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio.



CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio, including all multilateral institution partners.

## International Logistics Performance Index (LPI)

The LPI provides an overall score and qualitative evaluations in the six areas mentioned above, as each country is ranked by its trading partners and logistics professionals working outside the country. **Table 1** compares the 2014 scores and rankings for the ten leading global performers against the performance of regional countries, including Pakistan and CAREC Corridors 5 and 6 countries (Afghanistan and the CARs). Pakistan ranks 72nd among 160 countries in terms of its overall logistics supply chain performance during 2014.

**Table 1 - LPI for 2014**  
**10 Leading Countries Compared with Regional States**

S. No.	Country	Overall LPI	Overall LPI	Customs		Infrastructure		International Shipments		Logistics Quality and Competence		Tracking and Tracing		Timeliness	
		<sup>27</sup> Score	<sup>28</sup> Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
1	Germany	4.12	1	4.10	2	4.32	1	3.74	4	4.12	3	4.17	1	4.36	4
2	Netherlands	4.05	2	3.96	4	4.23	3	3.64	11	4.13	2	4.07	6	4.34	6
3	Belgium	4.04	3	3.80	11	4.10	8	3.80	2	4.11	4	4.11	4	4.39	2
4	United Kingdom	4.01	4	3.94	5	4.16	6	3.63	12	4.03	5	4.08	5	4.33	7
5	Singapore	4.00	5	4.01	3	4.28	2	3.70	6	3.97	8	3.90	11	4.25	9
6	Sweden	3.96	6	3.75	15	4.09	9	3.76	3	3.98	6	3.98	7	4.26	8
7	Norway	3.96	7	4.21	1	4.19	4	3.42	30	4.19	1	3.50	31	4.36	5
8	Luxembourg	3.95	8	3.82	10	3.91	15	3.82	1	3.78	14	3.68	22	4.71	1
9	United States	3.92	9	3.73	16	4.18	5	3.45	26	3.97	7	4.14	2	4.14	14
10	Japan	3.91	10	3.78	14	4.16	7	3.52	19	3.93	11	3.95	9	4.24	10
<b>Regional Countries</b>															
1	Pakistan	2.83	72	2.84	58	2.67	69	3.08	56	2.79	75	2.73	86	2.79	123
2	Kazakhstan	2.70	88	2.33	121	2.38	106	2.68	100	2.72	83	2.83	81	3.24	69
3	Tajikistan	2.53	114	2.35	115	2.36	108	2.73	92	2.47	113	2.47	119	2.74	133
4	Uzbekistan	2.39	129	1.80	157	2.01	148	2.23	145	2.37	122	2.87	77	3.08	88
5	Turkmenistan	2.30	140	2.31	122	2.06	146	2.56	116	2.07	155	2.32	134	2.45	153

<sup>27</sup> The WB's LPI score is based on Logistics' "friendliness" score with 1 as least friendly and 5 as most friendly.

<sup>28</sup> 160 countries are ranked from 1 to 160 based on their respective scores.

S. No.	Country	Overall LPI	Overall LPI	Customs		Infrastructure		International Shipments		Logistics Quality and Competence		Tracking and Tracing		Timeliness	
		<sup>27</sup> Score	<sup>28</sup> Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
6	Kyrgyzstan	2.21	149	2.03	145	2.05	147	2.43	127	2.13	151	2.20	145	2.36	155
7	Afghanistan	2.07	158	2.16	137	1.82	158	1.99	156	2.12	152	1.85	159	2.48	149

Source: World Bank  
 Link: <http://lpi.worldbank.org/international/scorecard>

To provide a more focused assessment (Pakistan relative to Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) the historical performance for annual LPI figures – 2007, 2010, 2012, and 2014 appears in **Table 2**. Pakistan generally ranks relatively better in all categories in all years compared to Afghanistan and the CARs, however, continued improvement will be necessary for Pakistan to compete with leading global performers.

**Table 2 – LPI for Afghanistan, CARs & Pakistan for the Period 2007 to 2014**

	Overall LPI		Customs		Infrastructure		International Shipment		Logistics Quality and Competence		Tracking and Tracing		Timeliness	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
<b>Afghanistan</b>														
<b>2007</b>	1.21	150	1.30	150	1.10	150	1.22	150	1.25	150	1.00	150	1.38	150
<b>2010</b>	2.24	143	2.22	104	1.87	139	2.24	141	2.09	141	2.37	128	2.61	146
<b>2012</b>	2.30	135	2.33	99	2.00	141	2.33	134	2.16	139	2.10	146	2.80	119
<b>2014</b>	2.07	158	2.16	137	1.82	158	1.99	156	2.12	152	1.85	159	2.48	149
<b>Kazakhstan</b>														
<b>2007</b>	2.12	133	1.91	139	1.86	137	2.10	129	2.05	126	2.19	116	2.65	120
<b>2010</b>	2.83	62	2.38	79	2.66	57	3.29	29	2.60	73	2.70	85	3.25	86
<b>2012</b>	2.69	86	2.58	73	2.60	79	2.67	92	2.75	74	2.83	70	2.73	132
<b>2014</b>	2.70	88	2.33	121	2.38	106	2.68	100	2.72	83	2.83	81	3.24	69
<b>Kyrgyzstan</b>														
<b>2007</b>	2.35	103	2.20	102	2.06	112	2.35	106	2.35	100	2.38	95	2.76	109
<b>2010</b>	2.62	91	2.44	71	2.09	118	3.18	39	2.37	107	2.33	132	3.10	106
<b>2012</b>	2.35	130	2.45	84	2.49	90	2.00	147	2.25	129	2.31	132	2.69	135



	Overall LPI		Customs		Infrastructure		International Shipment		Logistics Quality and Competence		Tracking and Tracing		Timeliness	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
<b>2014</b>	2.21	149	2.03	145	2.05	147	2.43	127	2.13	151	2.20	145	2.36	155
<b>Pakistan</b>														
<b>2007</b>	2.62	68	2.41	69	2.37	71	2.72	65	2.71	63	2.57	76	2.93	88
<b>2010</b>	2.53	110	2.05	134	2.08	120	2.91	66	2.28	120	2.64	93	3.08	110
<b>2012</b>	2.83	71	2.85	46	2.69	71	2.86	68	2.77	72	2.61	90	3.14	83
<b>2014</b>	2.83	72	2.84	58	2.67	69	3.08	56	2.79	75	2.73	86	2.79	123
<b>Tajikistan</b>														
<b>2007</b>	1.93	146	1.91	140	2.00	125	2.00	136	1.90	141	1.67	146	2.11	146
<b>2010</b>	2.35	131	1.90	147	2.00	127	2.42	127	2.25	125	2.25	141	3.16	98
<b>2012</b>	2.28	136	2.43	85	2.03	138	2.33	135	2.22	130	2.13	143	2.51	146
<b>2014</b>	2.53	114	2.35	115	2.36	108	2.73	92	2.47	113	2.47	119	2.74	133
<b>Turkmenistan</b>														
<b>2007</b>	No Date													
<b>2010</b>	2.49	114	2.14	119	2.24	101	2.31	138	2.34	111	2.38	126	3.51	65
<b>2012</b>	No Data													
<b>2014</b>	2.30	140	2.31	122	2.06	146	2.56	116	2.07	155	2.32	134	2.45	153
<b>Uzbekistan</b>														
<b>2007</b>	2.16	129	1.94	136	2.00	124	2.07	133	2.15	118	2.08	123	2.73	112
<b>2010</b>	2.79	68	2.20	107	2.54	70	2.79	83	2.50	89	2.96	63	3.72	50
<b>2012</b>	2.46	117	2.25	118	2.25	120	2.38	127	2.39	117	2.53	105	2.96	101
<b>2014</b>	2.39	129	1.80	157	2.01	148	2.23	145	2.37	122	2.87	77	3.08	88
Source: World Bank														
Link: <a href="http://lpi.worldbank.org/international/scorecard">http://lpi.worldbank.org/international/scorecard</a>														

In the absence of trade facilitation data for some CARs the LPI covering the four annual statistics in **Table 2** provides an overview of the seven countries regarding overall rank and ranking for each of the six indicators. It is important to recognize that change in an individual country's ranking reflects not only changes within the country but also changes in the other countries as well. Highlights for each country are summarized below:

- i. Afghanistan: In 2014, Afghanistan ranks almost at the bottom, at 158 out of 160 countries. Afghanistan's performance in all categories except Customs (rank 139) ranks in the range of 152 to 159. To improve their competitiveness in international trade, Afghanistan must improve performance in all six categories.
- ii. Kazakhstan: Of all the CARs under review, Kazakhstan is the best performer in all categories. From an overall rank of 133 in 2007, Kazakhstan improved substantially to 62 in 2010, but is ranked 88 for 2014. Timeliness for current deliveries ranks 69 whereas in the other categories Kazakhstan's rankings range between 81 in ease of tracking and 121 in customs.
- iii. Kyrgyzstan: Rankings in 2007 and 2014 show that Kyrgyzstan has become less efficient relative to other countries, with a decline in overall rank from 103 in 2007 to 149 in 2014. Similarly, Kyrgyzstan's ranking for each of the six categories has declined.
- iv. Pakistan: Pakistan's ranking has been inconsistent during the 2007-2014 period – the best overall performance was in 2007 with an overall rank of 68, which declined to 110 in 2010. The relative ranking, improved to 71 in 2012 then lost one position with a current ranking of 72 in 2014. During the current year, Pakistan's customs category ranks 58, but in ease of tracking and timeliness it ranks 86 and 123, respectively.
- v. Tajikistan: Tajikistan has also shown fluctuating trends in performance between 2007 and 2014, but is ranked 114 in 2014 compared to 146 in 2007. The quality and competence of logistics has also improved – from a rank of 141 in 2007 to 113 in 2014.
- vi. Turkmenistan: The World Bank LPI database did not report Turkmenistan during 2007 and 2012 but the overall rank became relatively less efficient from 114 in 2012 to 140 during 2014. Similarly rankings for all six categories ranked less favorably in 2014 than in 2012.
- vii. Uzbekistan: Uzbekistan's overall rank was 129 in 2007 and 2014, and 68 in 2010. In the customs category Uzbekistan currently ranks 157 out of 160 countries, but timeliness of cargo deliveries ranks higher at 88.

LPI figures indicate that all seven countries – Afghanistan, Pakistan and the five CARs – must improve performance in all six LPI categories to improve competitiveness in trade. Performance for CARs does not reflect logistics through Pakistani territory because there is negligible direct traffic within the region. There is, however, movement of goods from Pakistan to CARs through Afghan intermediaries who prepare a second set of shipping documents for re-export to the CARs. Shipments taken to Afghanistan or Tajikistan are often re-exported to bordering countries, which makes it difficult to determine the final consumers of these exports from Pakistan.

Data and information gathered by members of the CAREC Federation of Carrier and Forwarder Association (CFCFA) reveal that the most frequent causes of delay in the clearance of consignments are customs formalities, border security, transport inspection and the application of Sanitary and Phytosanitary measures. With automation achieved through EDI connectivity and coordinated arrangements that the establishment of a SW environment requires, these hurdles could be minimized to ensure a seamless flow of goods across borders in Pakistan, Afghanistan, and the CARs.